

The NATIONAL UNDERWRITER



GENERAL REINSURANCE GROUP

Largest American multiple line market
dealing exclusively in Reinsurance

GENERAL REINSURANCE CORPORATION

Financial Statement, December 31, 1954

ASSETS	
Cash in Banks and Office	\$ 4,590,557
Investments:	
United States Government Bonds	\$23,652,208
Other Bonds	22,063,798
North Star Reinsurance Corporation Stock	12,538,630
Other Preferred Stocks	5,071,400
Other Common Stocks	19,118,602
Total	82,444,638
Premium Balances in Course of Collection (not over 90 days due)	1,396,027
Accrued Interest	324,322
Other Admitted Assets	171,261
Total Admitted Assets	\$88,926,805
LIABILITIES	
Reserve for Claims and Claim Expenses	\$34,219,514
Reserve for Unearned Premiums	12,856,592
Funds Held under Reinsurance Treaties	2,939,560
Reserve for Commissions, Taxes and Other Liabilities	4,664,294
Capital	\$ 6,600,000
Surplus	27,646,845
Surplus to Policyholders	34,246,845
Total	\$88,926,805

Securities carried at \$6,096,486 in the above statement are deposited as required by law. Bonds and stocks owned are valued in accordance with the requirements of the National Association of Insurance Commissioners. If bonds and stocks, including those owned by affiliates, were valued at market quotations, Surplus to Policyholders would be \$34,573,770.

Casualty • Fidelity • Surety
Accident & Health

NORTH STAR REINSURANCE CORPORATION

Financial Statement, December 31, 1954

ASSETS	
Cash in Banks and Office	\$ 2,529,099
Investments:	
United States Government Bonds	\$13,364,064
Other Bonds	8,804,231
Preferred Stocks	3,471,300
Common Stocks	2,925,657
Total	28,565,252
Premium Balances in Course of Collection (not over 90 days due)	1,652,584
Accrued Interest	124,442
Other Admitted Assets	364,505
Total Admitted Assets	\$33,235,882
LIABILITIES	
Reserve for Claims and Claim Expenses	\$ 3,459,944
Reserve for Unearned Premiums	13,919,173
Funds Held under Reinsurance Treaties	544,951
Reserve for Commissions, Taxes and Other Liabilities	2,742,317
Capital	\$ 1,300,000
Surplus	11,269,497
Surplus to Policyholders	12,569,497
Total	\$33,235,882

Securities carried at \$584,956 in the above statement are deposited as required by law. Bonds and stocks owned are valued in accordance with the requirements of the National Association of Insurance Commissioners. If bonds and stocks were valued at market quotations, Surplus to Policyholders would be \$12,597,258.

Fire • Inland Marine
Ocean Marine

Home Office: 90 JOHN ST., NEW YORK 38, NEW YORK
Midwestern Department: 1012 BALTIMORE BLDG., KANSAS CITY 5, MO.

THURSDAY, APRIL 28, 1955

This ad is talking to 22,948,000 People— to help you sell!



**Hard-working
Advertisements**
like this one are seen
regularly by millions in
*Life, Look, Saturday
Evening Post, Collier's,
Time, Newsweek, U. S.
News & World Report* and
other leading publications
—to stimulate greater
demand for New York
Life products.

Now! New York Life's **Term-Whole Life Policy...**

Life insurance that gives a young man time to "get on his feet"!

Offers substantial protection now through low-rate term insurance—changes to permanent insurance after the 2, 3, 4 or 5 year term—when income has increased

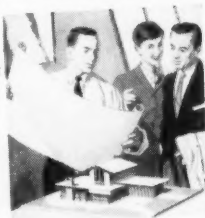
For Up and Coming Young Executives

New York Life's Term-Whole Life Policy is ideal for young family men just starting out—responsible men whose present salaries are modest, but who expect substantial increases in the next few years.



For "Just Beginning" Professional Men

Professional men, starting in practice, have usually invested heavily in education, equipment and facilities. This insurance plan enables them to provide substantial protection for their families when financial resources are lowest.



For Businessmen who are Long on Prospects —Short on Cash!

Sometimes, men wish to reinvest their funds in their business. With this Term-Whole Life Policy they can protect their families well—right now—without waiting for further returns from their invested funds.



HERE'S HOW IT WORKS: New York Life's Term-Whole Life Policy gives you family protection at the low rates for term insurance—rates any up-and-coming young man should easily be able to afford right now. The minimum policy is \$10,000.

When your policy changes to Whole Life after the 2, 3, 4 or 5 year term you've chosen, you'll undoubtedly be in a better position to pay the increased premium for permanent insurance. You'll own permanent Whole Life insurance that rapidly builds big cash values—for emergencies or for your own retirement.

When you buy a Term-Whole Life Policy, you know today that you can always have insurance protection—regardless of future changes in health.

HERE'S WHAT IT COSTS! Say you're age 30 and take out a 4-year Term-Whole Life Policy for \$10,000. Your annual premium during the first four years will be only \$84.30. After the fourth year, the premium increases to \$228.50 annually. However, dividends can be applied to reduce payments. At age 65, your policy will have a cash and loan value of \$5,670 plus any dividend credits.

To get the figures for your age, see your New York Life Agent—or mail the coupon below.

NEW YORK LIFE'S 110th ANNIVERSARY! New York Life, a mutual company, was founded in 1845. It is one of the strongest legal reserve life insurance companies in the world, with offices throughout the United States, Canada, Alaska and Hawaii.

MAIL COUPON TODAY!

New York Life Insurance Company, Dept. T-10
51 Madison Avenue, New York 10, N. Y.
(In Canada: 320 Bay Street, Toronto, Ontario)

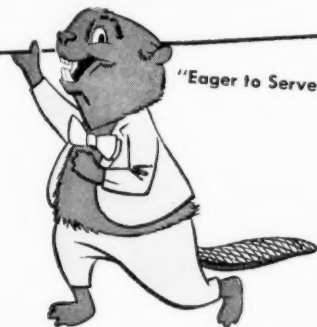
Please furnish me, without any obligation, full information on your new Term-Whole Life Insurance plan, minimum amount \$10,000

NAME _____ AGE _____
ADDRESS _____
CITY _____ ZONE _____ STATE _____

New York Life
INSURANCE COMPANY

A MUTUAL COMPANY **nylic** FOUNDED IN 1845

The New York Life Agent in Your Community is a Good Man to Know



BROKERAGE
DEPARTMENT

NEW YORK LIFE
INSURANCE COMPANY

A MUTUAL COMPANY **nylic** FOUNDED IN 1845

Modern policies for modern needs include Ordinary Life Insurance, Group Insurance, Accident and Sickness Insurance and Pension Trusts.

THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company. Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 39th year, No. 17, Thursday April 28, 1955. \$7 per year (3 years, \$18); Canada, \$8 per year (3 years, \$21); Foreign, \$9.50 per year (3 years, \$22.50). 30 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 31, 1879.

The NATIONAL UNDERWRITER

59th Year, No. 17
April 28, 1955

The National Weekly Newspaper of Fire and Casualty Insurance

Discuss Catastrophe Plan for Independent Adjusters at Chicago

Elect Charles J. Peck President; Campbell, Scully Also Named

The initiation of action toward creating a catastrophe plan for the adjustment and concentration of manpower under emergency situations to tie in with existing company plans was an important outcome of the National Assn. of Independent Insurance Adjusters annual convention, held last week at Chicago. Leo Bromson of New Haven, Conn., and Victor Snyder of Olofson Adjusters, Minneapolis, have been named chairman and co-chairman, respectively, of a committee which is to select a catastrophe administrator under whom the plan will be fully organized.

After sessions limited to the membership the opening day of the convention, the meeting hall was filled with a near-capacity crowd of about 425 members and guests. Convention Chairman Ray L. Lynch of Springfield, Ill., opened the general meeting and President Marion B. Arnold of Orlando, Fla., presided.

Speakers were Harlan S. Don Carlos, attorney in the claims department of Travelers; Attorney Arthur Mertz of National Assn. of Independent Insurers, and George Haskell, educational director of American Mutual Alliance.

Charles J. Peck, Chicago, was elected president of the association at a meeting the final day. Arthur E. Campbell of Seattle, Wash., was named executive vice-president, and Vincent Scully, New York, secretary-treasurer. Ralph G. McCallum is general manager.

Regional vice-presidents and the areas for which they were elected include: Jack C. Neer, Portland, Ore., northwestern; J. R. Leizure, Baltimore, eastern; Jack Hill, San Bernardino, Cal., western; Thomas J. Hollis, Orlando, Fla., southeastern; Ellen Laidlaw, Kansas City, Missouri valley; Robert D. Batjer, Abilene, Tex., southwestern; E. A. McMillan, Denver, Rocky Mountain, and H. E. Ellison, Toledo, central.

Among association activities under discussion was launching of an educational program. A committee soon will be named to work out plans to provide correspondence material and other educational facilities for members.

Tying in with this subject was the talk by Mr. Haskell, who offered ideas for association educational services which have been developed by the alliance.

The trend toward multiple-line writing makes knowledge more important than ever before, Mr. Haskell pointed out, but small adjustment companies cannot support expensive educational

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Rhode Island Agents Hear Legislative Report at Midyear

PROVIDENCE—A report of lobbying activities in the state legislature with reference to insurance bills was given the Rhode Island Assn. of Insurance Agents at its midyear meeting Monday in the Sheraton-Biltmore hotel by President John F. Kirby of Woonsocket.

Mr. Kirby reported that the association-sponsored agents' qualification licensing law is meeting determined opposition of automobile dealers.

"Despite the fact that the bill has absolutely no impact upon the business of the automobile dealers, they have continued their opposition without being able to present any argument whatsoever upon the merits of the legislation," Mr. Kirby said. "Their last resort is political pressure, the effectiveness of which is not known."

The president disclosed opposition to a bill, the unfair practices act, put in for Commissioner George A. Bisson. Mr. Kirby said the bill is "violative of every fundamental concept of civil rights" and if passed "would vest in the commissioner powers and prerogatives which should not be held by any administrative officer."

The president said the association is working against passage of a resolution for a commission to study a state fund for workmen's compensation, but would not oppose a properly-drafted bill for licensing insurance adjusters.

The president's report was submitted at an afternoon session at which David Gray, assistant to the vice-president of Afco detailed services offered by his company to the insured and to agents.

In enabling the insured to pay fire and casualty premiums in convenient

Am. Auto Upheld in Its Ads to Jurors

District court of appeals at Los Angeles has sustained a superior court ruling that American Automobile and Associated Indemnity acted legally when they advertised in nationally circulated magazines admonishing jurors to decide on damages in accident cases on the basis of fact instead of emotional bias.

The ruling held, in effect, that so long as the insurers did not try to influence the outcome of a specific case, they were protected by the rights of free speech. The ruling came on an appeal on the part of several Los Angeles attorneys who were joined by attorney general Edmund Brown to restrain the companies from further publication of the "advice to jurors" advertisement.

The court said there had been no "contempt of judicial process or intent to corrupt jurors" and that the sellers of insurance have a right to advise all prospective jurors as long as they do not attempt to influence those in any particular case.

"There must be an immediate, clear and present danger imperiling the administration of justice" the court held. Otherwise the laws protecting freedom of the press and speech protect the insurance people.

monthly, quarterly, semi-annual and annual payments, Afco operates uniformly for benefit of the agents, the insured and the insurance companies, he said.

He said Afco gives agents time for production and service to policyholders that formerly was spent in collections, and increases sales by providing a convenient method to the insured for paying premiums.

Taking part in an open forum discussion of "multiple peril and broad form dwelling policies" was a panel

(CONTINUED ON PAGE 35)

Adequacy of Fire Rates of Allstate Scrutinized in N. Y.

Holz Indicates He will Call for EC Rate Hike If Need for It Is Indicated

NEW YORK—The hearing on the adequacy of dwelling fire and extended coverage rates being used in this state by Allstate opened here Monday. The opening day indicated a determination by Lefert Holz, insurance superintendent, to conduct the hearing, which he called, with dispatch. Tuesday was left open for counsel of New York Fire Insurance Rating Organization and Allstate to reach agreement on everything possible in order to expedite matters. The hearing was scheduled to resume Wednesday.

Mr. Holz made it clear that he is interested in evidence on acquisition cost, he wants to know what the rental is that Allstate pays Sears, Roebuck & Co., the parent, for insurance counters in Sears stores, and he wants to find out what other subsidies, if any, Allstate enjoys as a subsidiary of Sears. He indicated that he regards any subsidies as contrary to the insurance law.

He made it plain also that NYFIR and Allstate are the only two parties to the hearing, that the insurance department is conducting the hearing but is not putting in evidence.

After testimony that NYFIR was not allowed a rate increase on extended coverage in 1951 (after the big northeast windstorm) reflective of the experience, and that there had been no subsequent EC rate adjustment in spite of the 1954 hurricanes, Mr. Holz declared that if EC rates are not proper, there will be a complete and thorough examination of experience and a prompt adjustment in rates to reflect it. However, any rate change will be available for use by Allstate.

Early in the hearing Allstate counsel admitted that it used NYFIR rates as a base for its filing 20% off, and Mr. Holz indicated that he was eager to get through this phase of testimony and on to the more pertinent issue of acquisition cost. However, he allowed NYFIR to put in evidence on rate making, loss experience, etc., because it bore on what weight to give the rating bureau's evidence.

At another point there was testimony that the department has a rule that rates cannot be increased more than 25% of the indication of experience, and this was the reason NYFIR got only a fourth of the rate increase on EC in 1951 which the experience indicated was proper. Allstate counsel stated that NYFIR now is saying its companies are writing EC at a loss but say that Allstate cannot write it at a loss. NYFIR insurers are probably entitled to an EC increase. When it asks for it and gets it, Allstate will

(CONTINUED ON PAGE 32)

Late News Bulletins...

Welfare Fund Bill Signed in N. Y.

The governor has signed the New York bill, which becomes effective Sept. 1, empowering the insurance superintendent to require the filing of information on commission rates, compensation fees, etc., in connection with group life and A&H. The bill is understood to be part of the program of the insurance department for the regulation of welfare funds.

Hillenbrand Joins O'Brien & O'Brien

O'Brien & O'Brien of New York, has named Joseph I. Hillenbrand manager of the commercial casualty department. He was formerly with General Accident, U. S. Casualty and Zurich, principally engaged in agency and metropolitan underwriting.

O'Brien & O'Brien writes all lines in New York City, suburban and country wide. In addition its affiliate Direct Service Corp., which also has offices in Hartford, specializes in arranging difficult and unusual coverages in the foreign and domestic markets.

N. C. OKs Separate Class for Assigned Risks

North Carolina has enacted a bill that amends the law to permit automobile assigned risks to be established as a separate class by companies for purposes of dividends to policyholders. The bill was introduced for mutual companies.

National Bureau Filing Disapproved by Wash.

A National Bureau filing to facilitate the placing of surplus lines with admitted insurers has been disapproved by the Washington state insurance de-

(CONTINUED ON PAGE 36)

Colo. Governor Signs Insurance Bills

Gov. Johnson of Colorado has signed a bill to require the appointment of the commissioner as receiver for companies going into bankruptcy. The measure grew out of the collapse of Pioneer Mutual Compensation of Albuquerque last year. That company did the greatest part of its business in Colorado. The bill also spells out priorities for settlement of claims of bankrupt companies and fixes methods for turning assets into cash. Also signed is the unauthorized insurers service of process act, and a bill to broaden the tax on fire company premiums for the benefit of the state firemen's pension fund.

The house bill No. 143 pertaining to agents qualifications was signed by Gov. Johnson Monday morning. This is the bill sponsored by the Colorado local agents.

Del. OKs Licensing Bill

The Delaware legislature has enacted a bill requiring applicants for insurance agents licenses to pass a qualifying examination to be given by the insurance department.

Commission Control Bill Vetoed in N. Y.

The Kalish bill, which would have legalized agreements on rates of commission to insurance brokers and agents by company advisory organizations and by producer groups has been vetoed by Gov. Harriman of New York.

Sponsored by Brooklyn Insurance Brokers Assn., the bill was opposed by other associations of agents and brokers in New York. The bill attracted wide interest because it would have been the first break through of control country wide. It was a surprise that the measure passed the legislature. Similar bills in previous years have always been defeated.

Multiple Line Bill Wins 124-1 in Ohio House

The Ohio house has passed the multiple line bill by a vote of 124 to 1. The measure now goes to the senate, where in the past it has lost out. The problem is to get the bill out of the senate insurance committee. If the bill gets out of the insurance committee, it may be hung up by the rules committee.

The house also passed the unauthorized insurers service of process act, the

model bill. Still pending are bills on A&H insurance which would set up more stringent requirements for both companies and agents.

Lowell Mason to Speak at Ill. Federation Meeting May 16

Insurance Federation of Illinois will have its annual meeting May 16 at Chicago. The meeting will be especially notable this year because the principal speaker is to be Lowell B. Mason of the federal trade commission. Mr. Mason, who has been a member of the FTC since 1945, is well known to insurance people.

The nominating committee has been appointed and J. S. Richardson, Standard Accident, is chairman. Members are Don P. Keevers of Maryland Casualty, E. G. Johnson of Associated Agencies, Peter M. Freilich of Corroon & Reynolds and Ralph D. Jones of Continental Casualty-Assurance.

Life, A&H Qualification Bill Moves in Michigan

A bill in the Michigan senate to bring life and A&H agents under the qualification law which has hitherto applied only to property writers has been reported from committee with only minor amendments. The chief one is to exclude sellers of travel policies.

Another measure reported from committee at the same time would prevent the pre-dating of policies more than six months in order to obtain a more favorable rate. The committee amended the bill to include annuity contracts.

Penn Mutual Fire and Minnehoma of Tulsa have been licensed in Texas.

Highlights of the Week's News

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Program Completed for H&A Conference Meeting at Toronto

The complete program has been announced for the annual meeting of Health & Accident Underwriters Conference at Toronto May 9-11.

Registration will begin Sunday, May 8, at the headquarters King Edward hotel, and that evening there will be a social hour for early arrivals. On Monday no business is planned; there will be a bus excursion to Niagara Falls and a golf tournament at Downsview Golf & Country Club. In the evening a reception will be conducted by the host Canadian companies.

The formal sessions begin Tuesday. Mayor Nathan Phillips of Toronto will deliver the welcome, and there will be greetings from Superintendent Whitehead of Ontario. J. W. Scherr Jr., executive vice-president of Inter-Ocean and president of the conference, will give his address, and there will be a report from Managing Director John Hanna. Howard Hotz, manager of the A&H sales and service division of the Canadian head office of Prudential, will give an address entitled "The Third Year."

The luncheon speaker Tuesday will be William F. Loughheed, economist of Canadian Bank of Commerce, who will discuss realities and illusions in the Canadian economy.

Tuesday afternoon talks will be given by Commissioner Joseph A. Navarre of Michigan, on "An Insurance Commissioner Takes a Look at the Record," Guy Ferguson of Ferguson Personnel, on "Tomorrow's Management," and George R. Jordan, senior vice-president of Republic National Life and chairman of the conference group committee, on "Group Insurance—Today and Tomorrow." The final day will be in the nature of an executive session. There will be talks in the morning by Robert R. Neal, resident counsel of the conference and Bureau of A&H Underwriters at Washington, who will discuss the Washington scene, and Paul W. Watt, president of Washington National and chairman of the business practices committee of the conference, who will take up the conference advertising code, and the reports of the committees. New officers will be elected at this session. In the afternoon E. J. Faulkner, president of Woodmen Accident & Life and chairman of the joint committee on health insurance, will describe the progress of his group, there will be a panel discussion on claim costs control by Raymond F. Killion, Metropolitan Life, and Jarvis Farley, Massachusetts Indemnity. Frank S. Vanderbrouk, president of Monarch Life, will give the report of the executive committee, and this will include the recommendation of task force No. 1 of the joint committee on health insurance relating to a single A&H trade association.

That evening there will be a cocktail party and the annual banquet.

St. Paul Directors Meet in Canada

Directors of St. Paul F. & M. for the first time held a meeting outside of St. Paul when they visited Winnipeg to combine their meeting with an inspection of the new offices of the company there. The St. Paul people were luncheon guests of Canadian Fire and Canadian Indemnity, and in the evening were entertained at dinner by Canadian Bank of Commerce.



are you making GAINS on others' possible losses?

Are you taking advantage of the best "weigh" to tip the scales in your favor with the merchants in your community? You will find a ready reception for the package protection of the Storekeepers' Liability Policy when you show these businessmen the many possibilities for liability claims arising out of their business operations.

Don't delay. A fraction of a second can spell disaster for a prospect or client who has inadequate protection or no protection at all.

Zurich-American promotional materials will help you do the sales job and increase your earnings. Talk it over with the Zurich-American field man—or write to the address below.



Zurich General Accident and Liability Insurance Company, Ltd.
American Guarantee and Liability Insurance Company
HEAD OFFICE: 135 S. LA SALLE ST., CHICAGO 3, ILLINOIS

Developments in Sub-Standard A&H Insurance Described by Stanford Miller

Stanford Miller, vice-president of Employers Reinsurance, presented an up to the minute report on the underwriting of sub-standard accident and health insurance at the May meeting of Chicago A&H Round Table. Mr. Miller admitted that progress has not been outstanding. It will be at least six months before any experience figures will be available worthy of the name, and probably it will be five years before there will be enough figures at hand that a rating formula can even be sketched out.

A company entering the sub-standard field may gain several advantages, Mr. Miller said. Among these is the possibility of attracting new agents, making the present field force more effective, offering broader service to policyholders, eliminating public dissatisfaction, relieving federal pressure for socialized health insurance, better functioning between underwriting and agency departments, and the adjustment of in-force coverage on policyholders with developing impairments.

At the same time, Mr. Miller warned there should be no belief that there is a great demand for sub-standard. Companies entering the field will not be deluged with applications, a fact which can be taken as a tribute to the job the business is doing for the public as a whole. When an application is received, however, it is generally found that the terms proposed by the insurer are accepted in a good percentage of cases.

The difficulty for the company is not the price at which it offers the coverage but the problem of getting through the sub-standard risk through its agency force.

Mr. Miller suggested that some of the reasons for the lack of demand could center in the substitutes presently available for sub-standard. These consist of policies with impairments eliminated by waiver, policies written with an extended waiting period to reduce exposure on certain impairments, policies offering restricted coverage which can easily be written on impaired risks, and group coverage written irrespective of impairments. While group generally covers non-occupational hazards, there is also available workmen's compensation.

Sub-standard coverage is for persons who fail to qualify for insurance because of physical or mental conditions, not bad moral risks, Mr. Miller said. The emphasis should be on loss of time coverage, so that in addition to the moral risk requirement, the company must know that the applicant is employed. Not many companies are providing broad forms of sub-standard for loss of time, but those doing so would be happy to consider more business, Mr. Miller opined. The scarcity of companies in the field is due more to the lack of public interest and demand than for lack of financial resources on the part of insurers. There was at one time such a lack in the hospitalization field, and the situation was changed by the entry of some insurers and the Blue Cross. The demand was awakened by the insurance industry.

In order to meet the increasing need for facilities and to help create an increasing interest in the field on the

part of the public, more companies must write sub-standard, Mr. Miller said. This is not because companies already doing so cannot provide the coverage, but because these companies alone do not have agency forces large enough to serve the entire public and stir up public interest. It is a matter of distribution—it is impossible to serve the public adequately under the

private enterprise system unless word can be gotten to the public that the product is available and important.

Mr. Miller predicted a rapid expansion in the sub-standard field as more companies get into it. It is in its infancy, but even now four or five different approaches are being made to the problem. Some of these will not turn out, but it is impossible to tell now which of them might be wrong. He remarked how different it would be if there were only one approach allowed under government supervision and control.

Already there have appeared a number of problems. Sub-standard cannot be handled on the same basis as standard. To begin with there is the matter of getting agents who have been trained to shy away from a sub-standard risk to turn around and go after the application. Once the application gets to the home office some other headaches have to be considered. Among these he mentioned:

The cost of underwriting and handling is bound to be higher, because additional attention has to be given to

(CONTINUED ON PAGE 26)

150,000 PROSPECTS

... for Liability Coverage

It is estimated that less than 15% of the nation's 177,000 lawyers engaged in private practice carry **LAWYERS' PROFESSIONAL LIABILITY INSURANCE**. Most of them aren't even aware that such protection is available.

Should a lawyer or his employee word a contract incorrectly... fail to file an action within the prescribed time... bring suit against the wrong person... commit any negligence in the conduct of the profession... he can be sued. An adverse judgment could mean financial ruin.

We now write this relatively new coverage. No practicing attorney can afford to be without this essential protection. For complete information call one of our **FIELDMEN** or mail the coupon.



**FIREMAN'S FUND
INSURANCE COMPANY**

**NATIONAL SURETY
CORPORATION**



**FIREMAN'S FUND
INDEMNITY COMPANY**



**HOME FIRE & MARINE
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FIREMAN'S FUND INSURANCE GROUP
401 California Street, San Francisco

Please send me information about your new **LAWYERS' PROFESSIONAL LIABILITY INSURANCE**.

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ADDRESS _____

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401 California Street • San Francisco

Things every Insurance Buyer should know—No. 78

Why an **INDEPENDENT** insurance man can serve you best

In insurance, as in many other fields, there is no monopoly on good ideas, good service, or good rates. One company may have developed a better policy for the homeowner in some areas. Another company may boast lower rates on certain forms of insurance. Still a third may be especially noted for prompt service.

Which of these companies should you insure with? If you ask a company representative, he will usually try to persuade you that his company—and only his company—is best for you.

That in fact is a good reason for buying insurance only through an independent insurance agent or broker . . .

- ✓ Because he represents not one but several insurance companies, he can be impartial in picking the best company for your individual needs.
- ✓ Because he's a professional insurance man, not just a salesman, he keeps up with new types of insurance coverage and makes certain your insurance is up to date.
- ✓ Because he is independent, you can count on him to assist you with your claim when you suffer a loss and to represent your interests to the fullest at all times.

Our advice: To be certain about your insurance protection and service, see a competent, independent agent or broker.

Business Established 1842

THE ATLANTIC COMPANIES

ATLANTIC MUTUAL INSURANCE COMPANY
CENTENNIAL INSURANCE COMPANY

49 Wall Street • New York 5

Baltimore • Boston • Charlotte • Chicago • Cincinnati • Cleveland • Columbus • Dallas • Detroit
Grand Rapids • Houston • Indianapolis • Los Angeles • Milwaukee • Newark • New Haven
Philadelphia • Pittsburgh • Portland • Richmond • St. Louis • San Francisco • Seattle • Syracuse

Marine, Fire, Inland Transportation, Yacht, Property Floaters, Automobile and Casualty Insurance

This advertisement appears in the country's leading newspapers in April.

CARPINTER & BAKER

Marine Underwriters Since 1865

New York, N. Y.

Are Pleased to Announce
The Opening of a Chicago Office
Which Will Have Purview Over The Midwest

On

Monday, May 2, 1955

At

309 West Jackson Boulevard

Chicago 6, Illinois

Telephone Wabash 2-2124

MR. A. ROBERT TREMAINE, RESIDENT SECRETARY

Marine Managers For:

The Great American Group of Insurance Companies

The Connecticut Fire Insurance Company

The Springfield Fire & Marine Insurance Company

Adopt New Standard Fire Policy in Minn.

Minnesota now has a new fire policy which, in the words of Commissioner Sheehan, "is a great improvement over the old form in force in Minnesota for so many years." Gov. Freeman has signed the bill passed by both houses of the legislature.

Adoption of the new policy climaxes several years hard work by insurance interests. Twice before bills were introduced in the legislature to adopt the New York form in Minnesota, to replace the policy adopted in 1909 and which had been changed little since that time. Both times the bill failed to pass. Many Minnesota agents were unwilling to give up certain features of the old policy. The new form retains some of the provisions of the old policy and goes "approximately three-fourths of the way toward a New York form," according to Armand Harris, former Minnesota commissioner who as chairman of the legislative committee of the Insurance Federation of Minnesota, was instrumental in getting the new form adopted.

"The new standard fire policy provides for a one-write policy to eliminate detail and expense in the matter of issuing contracts," said Commissioner Sheehan. "The archaic wording and permissions which were included in the old policy have been removed and the new policy legalizes multiple-line writing in accordance with present-day practices. It eliminates the discrepancy which existed in the old policy with reference to the co-insurance clause and permits the clause to be applicable irrespective of the value at risk."

Commissioner Sheehan said the new policy retains the following features in the old policy:

It calls for recovery on the basis of "actual value" instead of the "actual cash value."

It protects the public for "all loss or damage" instead of "direct loss."

It does not restrict recovery to "insured's interest in the property." It does not exclude "loss occasioned by reason of any ordinance or law regulating the construction or repair." It gives the mortgagee better protection than that which is available under the New York standard policy.

It retains for the citizens of Minnesota practically the same "requirements in case loss occurs" as does the present Minnesota standard policy.

In case of an appraisal it requires that the appraiser named be a resident of Minnesota.

It stipulates that the watchman's clause, the automatic sprinkler clause and the clear space lumber clause shall not contain any provisions calling for the lapse or suspension of the insurance coverage by reason of failure to comply with the conditions of these clauses.

Mr. Harris, who had been assigned the task of bringing together the various groups to get behind the new policy, said he had the cooperation of public adjusters, insurance buyers, agents and assureds in Duluth, Minneapolis, St. Paul and the commissioner's office.

"It is a great step forward," Mr. Harris said. "It permits anyone to buy insurance on the co-insurance plan. It provides for size of type that will be the same as used in other states. It still retains for the policyholders of Minnesota the benefits that were in the old form."

JARRELL PRESIDENT

Old Republic to Be New Name for Coal Operators Casualty

James H. Jarrell, president of Old Republic Credit Life, has been elected president and a director of Coal Operators Casualty of Greensburg, Pa., control of which was acquired by a group he heads along with William R. Stover, vice-president of Old Republic. Mr. Stover was named executive vice-president and a director of Coal Operators, which has assets of approximately \$8 million.



James H. Jarrell

The name of Coal Operators will soon be changed to Old Republic Ins. Co. Capital and surplus will be increased to more than \$3.5 million, after which emphasis will be placed on diversification into additional lines of fire and casualty insurance.

Coal Operators has been a specialty company serving the coal industry, writing principally workmen's compensation. Its former president, W. J. Stiteler, was elected chairman. Other new officers are Arthur J. Cade and Charles S. Wilkes, vice-presidents, both also with Old Republic, and D. E. Miller, secretary and treasurer.

Old Republic Credit Life last year wrote more than \$1,200,000,000 life and A&H insurance in connection with consumer credit. It is understood the new company will handle automobile finance business for many of the life company's connections as well as regular forms of insurance.

Mr. Jarrell has been with Old Republic since 1928 and president since 1943.

New State Insurance Plan Suggested in Me.

Gov. Muskie of Maine has proposed to his executive council a new method of handling the administration of \$60 million of state fire insurance "with the desire to take politics out of it as much as possible."

The insurance is now distributed through the seven councilors to seven key agents of which Dana R. Bowker of C. M. Bowker Co., Portland, is the master key agent. Gov. Muskie wants the handling transferred from them to the state insurance department.

He said another possibility he and the council may study is state owned insurance of its buildings through a reserve insurance pool.

Del. Insurer Tax Bill

The Delaware house has passed bills that would increase the take from fire insurers for firemen's pensions from 2% of the gross premiums to 3 1/4% and take 2% on the gross premiums paid in Delaware annually for burglary, robbery, theft, automotive personal and property damage liability, automotive medical payments, collision and comprehensive policies and use the money for various police pension funds.

Ohio Federation to Meet

COLUMBUS—Insurance Federation of Ohio will hold its annual meeting here May 17. The luncheon speaker will be Probate Judge Roscoe R. Walcutt. In the afternoon there will be discussions on insurance legislation covering life, fire, casualty and A&H.

Some Would Like to Have More Discussion at NAIA Midyears, Others Like Brisk Ones

WICHITA—The quiet and peace which characterized the midyear meeting of National Board of State Directors of National Assn. of Insurance Agents here received a ripple in the closing hours, when several directors expressed regret that there had not been more discussion of topics on the agenda.

H. Earl Munz, Paterson, N. J., introduced the note when he said he was disappointed that so few members had spoken on any subject. He said if there were so little interest in discussing topics on the agenda, perhaps it would be a good idea to cut out at least one NAIA meeting a year.

Morton V. V. White of Allentown, Pa., seconded Mr. Munz by noting there had been a lot of headquarters' comment on the lack of discussion and the cause of it. Either directors are the policy making board of the association or they are not he said. He wondered if officers are doing such a good job that the directors have come to lean on them to do the whole thing. Perhaps things are being run too well, he suggested.

Thurston H. Jenkins of Denver observed that the agenda was crowded, time was short, and there was need to cover much ground. Emil Clauss of Buffalo said he thought there was little discussion because a subject when it is introduced is referred to a committee where it is studied and acted upon. The committee reports, the report is accepted, and debate is shut off.

Harold B. Larson of Portland, Ore., admitted that time was a big factor. Then why, wondered Paul H. Jones of Tucson, should the executive committee hurry the program through in two days? Sheridan C. Barnes of Louisville said he liked the way the meeting had been run. There is no need for useless discussion, he said. Debate is fine when it is necessary but said he appreciated having the meeting run on schedule and completed promptly. More agents would have attended this meeting from Kentucky if they had been sure they were going to get through in two days, he noted.

Harrison P. Sargent of Seattle wondered if it would not be a good idea to have the territorial conference before or after the midyear NAIA session. As it is, the board does not meet while the territorial conference is in session, which just about cuts the time in half for the board meeting.

Charles A. Dawson of Fargo, N. D., suggested the setting aside of a definite period of time for a bull session. To this Fred J. England of Cambridge, Mass., responded that the directors are on hand at the midyear to get a lot of business done, and he thinks time is wasted by throwing the bull. He said he thought the officers and headquarters staff deserved credit for a good job.

In discussing developments in connection with sections 452 and 462 of the internal revenue code, George S. Hanson, associate counsel of NAIA, emphasized that the NAIA case was placed firmly on the record in Washington and that there is every reason for optimism that further consideration by the staff of the treasury and of the joint committee on internal revenue taxation will produce legislative provisions beneficial to the agents.

However, he said, all of the beneficial effects of the 1954 tax code ap-

plicable to the taxation of agents' commissions will not be wiped out if these two sections are repealed. Section 1341 may also have an important effect in alleviating prior tax in equities that existed under the former law where the agent receives substantial commissions in one year relating to three or five year policies. He was often thrown into an abnormally high

tax rate bracket under these circumstances. If he had to return a portion of the commissions in a late year because of cancellations, he was allowed to deduct only in the year of repayment. However, this deduction in a lower bracket year would result in a lesser tax benefit from the deduction than the rate of tax on the original commissions.

Section 1341 eases this inequity where the commissions returned during the year exceed \$3,000. This section now allows the taxpayer to reduce the tax for the year of repayment

by the amount of tax for the previous year which was attributable to the inclusion of the income previously received. However, if a smaller tax results from simply deducting the repaid amount in the year of repayment, the taxpayer may claim that reduction instead. The application of this section would be available to cash basis taxpayers as well as to those paying on the accrual basis.

Mr. Hanson recommended that this section be considered carefully by

(CONTINUED ON PAGE 28)

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A&H Premiums Climb in 1954

The grand total of A&H premiums written last year climbed to \$3,829,117,046, an 11% gain over 1953, according to figures reported in the SURVEY NUMBER OF THE ACCIDENT & HEALTH REVIEW. Six hundred and fifty A&H companies wrote a total of \$2,546,716,754, a gain of \$252 million over 1953; Blue Cross, \$912,448,904, up \$115 million, and Blue Shield, \$369,951,383, up almost \$55.6 million.

The accident and health company total represents a 10.9% gain over 1953, while business written in 1953 marked a 20% gain over that of the previous year.

The top 100 companies in premium volume in 1954 wrote a total of \$2,229,337,454 according to the SURVEY

Comparison by Class of 1953, 1954 A&H Business

	Premiums Written 1954 \$	Losses Incurred* \$	Gain 1954 over 1953 \$	% Gain	Premiums Written 1953 \$
Grand total	3,829,117,046	2,754,654,463	422,631,570	11.0	3,406,485,476
Group A&H	1,454,506,411	1,132,690,659	152,432,436	11.7	1,302,073,975
Individual A&H**	1,092,210,343	509,180,696	99,527,084	10.0	992,683,259
Blue Cross	912,448,904	809,901,513	115,085,736	14.0	797,363,168
Blue Shield	369,951,383	302,881,605	55,595,634	17.7	314,365,704

* Losses incurred do not include adjustment expense.

** Individual A&H totals for 1954 include \$95,800,387 in premiums earned in non-cancellable A&H and \$41,245,400 in losses incurred.

NUMBER, or 87.5% of all the company business. In an accompanying table are shown the rankings, premiums earned and losses incurred by these companies.

Group A&H, exclusive of hospitalization and medical-surgical organiza-

tions, amounted to \$1,454,506,411 in 1954. This was an increase of more than \$152 million over 1953. Individual business totaled \$1,092,210,343, up \$99 million. The 100 leading companies as respects total premium volume are given below:

	Premiums Written \$	Losses Incurred* \$		Premiums Written \$	Losses Incurred* \$
1. Metropolitan Life	250,458,118	186,276,100	51. Massachusetts Mutual Life	7,199,253	5,132,990
2. Aetna Life	186,867,499	151,429,012	52. Interstate Life & Accident	7,174,042	5,110,423
3. Travelers	152,257,247	115,135,676	53. Indemnity of North America	7,135,532	3,466,383
4. Mutual Benefit H. & A.	136,413,937	82,132,322	54. Hardware Mutual Casualty	7,095,448	5,419,144
5. Equitable Society	132,589,427	99,566,918	55. Massachusetts Indemnity	7,074,067	2,529,244
6. Bankers Life & Casualty	106,529,763	61,627,331	56. Amer. National, Texas	6,927,506	3,211,097
7. Prudential	102,204,364	69,904,433	57. Amer. Mut. Liab.	6,642,974	5,324,713
8. Continental Casualty	92,965,402	48,424,198	58. National Benefit	6,629,019	3,471,216
9. Connecticut General Life	66,983,938	48,525,060	59. Confederation Life, Can.	6,401,699	4,197,405
10. Occidental Life, Calif.	56,809,175	45,184,947	60. Life of Virginia	6,435,169	4,235,784
11. John Hancock Mutual Life	54,037,413	38,617,850	61. Commercial Travelers Mutual Acc.	6,244,909	4,321,111
12. Provident Life & Accident	44,857,887	34,147,175	62. United States Life	6,160,253	3,914,439
13. Reserve Life, Dallas	39,099,515	21,137,967	63. Union Mutual Life	6,091,148	3,703,945
14. Washington National	32,521,232	16,991,568	64. Guarantee Reserve Life	6,086,382	2,155,972
15. United, Ill.	28,487,186	10,220,200	65. American Republic	5,798,700	3,193,973
16. Pacific Mutual Life	27,590,398	19,979,223	66. Brotherhood of R. Trainmen	5,690,908	3,976,341
17. Continental Assurance	26,115,240	21,315,415	67. Craftsman	5,575,165	2,846,815
18. New York Life	24,629,503	17,218,646	68. Employers Mutual Liability	5,478,230	4,104,229
19. Liberty Mutual	21,081,696	17,358,415	69. Constitution Life	5,257,374	2,359,904
20. Benefit Assn. of Railway Empl.	18,763,438	13,083,539	70. State Mut. Life, Mass.	5,254,175	3,242,231
21. National Life & Accident	18,327,069	9,505,927	71. American Casualty	5,242,733	2,650,415
22. Lincoln National Life	18,287,361	13,480,283	72. Time	5,119,703	3,088,078
23. Business Men's Assurance	18,117,744	11,404,216	73. State Capital Life	5,090,296	1,274,013
24. Paul Revere Life	17,383,040	8,688,339	74. Pyramid Life, Kan.	5,023,863	2,246,979
25. National Casualty	16,592,660	9,410,794	75. Republic National Life	5,000,159	3,820,679
26. General American Life	16,205,572	13,629,195	76. Medical Mutual, Cleveland	4,890,396	3,767,877
27. Calif.-West. States Life	15,252,769	11,314,920	77. American Hospital & Life	4,879,458	3,141,868
28. Monarch Life	15,135,539	7,080,506	78. Federal Life & Casualty	4,813,385	1,572,603
29. United Benefit Life	14,839,161	8,660,015	79. Royal Protective Life	4,717,699	1,671,101
30. Union Labor Life	14,807,920	12,170,260	80. Union Casualty & Life	4,685,673	3,752,198
31. Great-West Life	14,746,820	11,668,374	81. Protective Life	4,536,983	3,712,358
32. World	14,170,773	7,345,986	82. North American Life & Casualty	4,472,859	2,939,196
33. Beneficial Standard Life	13,022,293	5,111,214	83. George Washington Life	4,410,972	1,921,007
34. Lumbermens Mutual Casualty	13,014,554	6,451,729	84. Farm Bureau Mut. Automobile, Ohio	4,380,355	2,963,281
35. Zurich	12,739,449	8,194,747	85. Mutual Life of Canada	4,153,634	3,480,451
36. Independent Life & Accident	12,215,727	5,771,361	86. Hoosier Casualty	4,114,212	2,185,763
37. Bankers Life of Iowa	11,710,545	8,836,414	87. General Accident	4,077,182	2,350,531
38. North American Accident	11,169,348	5,184,147	88. Woodmen Accident & Life	4,035,545	2,016,269
39. Massachusetts Protective	10,962,213	4,683,994	89. Educators Mutual	3,982,566	2,281,255
40. Sterling	10,779,855	7,339,944	90. Life & Casualty	3,892,456	1,071,942
41. Commercial, N. J.	10,724,616	6,166,339	91. Home Beneficial Life	3,727,431	1,292,882
42. Combined	9,749,598	3,466,651	92. Massachusetts Bonding	3,662,578	1,900,539
43. Amalgamated Life	9,287,594	8,159,184	93. Gulf Life	3,612,367	2,095,072
44. Metropolitan Cas.	8,895,404	5,495,466	94. Associated Indemnity	3,577,146	2,744,422
45. Life of Georgia	8,295,335	4,193,968	95. Independence Life & Accident	3,471,901	1,281,939
46. Security Mutual Life, N. Y.	8,188,476	5,419,514	96. Commonwealth Life & Accident	3,474,454	1,103,094
47. National Bankers Life	7,953,572	3,500,462	97. Security Life & Accident	3,324,315	2,325,174
48. Hartford Accident & Indem.	7,742,480	3,723,913	98. Pennsylvania Life	3,305,529	1,179,270
49. Inter-Ocean	7,721,770	4,095,148	99. United Commercial Travelers	3,274,322	2,351,540
50. Pilot Life	7,619,575	5,988,358	100. North American Assurance	3,214,716	1,628,935

* Losses incurred do not include adjustment expense.

Peter J. Campbell Named By Peerless Casualty

Peter J. Campbell has joined Peerless Casualty to assist in a program of company expansion. He has been with a t. Accident at Syracuse, N.Y., in agency production work. Mr. Campbell attended Georgetown University and Insurance Institute of New York. He started in insurance in 1937 with

Corroon & Reynolds and later went with Associated Indemnity. His father is a vice-president of Corroon & Reynolds.

State Brings Charges Against Hassen Foundation

LOS ANGELES—Judge Arnold Praeger of superior court has granted

the petition of attorney general Edmund Brown of California asking for removal of trustees of the E. E. Hassen Foundation on charges of violation of law in respect to their duties as trustees of a public trust.

The attorney general alleges that the trustees of the Hassen Foundation have abused the trust through negotiation of a deed of trust in the amount of \$440,000 on property known as the

Casa Blanca hotel and that the deed was sold for a sum representing the unpaid balance at a price far in excess of its fair market value, with the intent of benefiting Dr. E. E. Hassen. It is also alleged that a Los Angeles bank loaned \$80,000 on property known as Golden State hospital and this deed was later sold for a sum representing the principal still due, that monthly payments on this were reduced to an amount equal to the interest due and that this deed of trust was not a proper charitable trust.

The Hassen Foundation is the principal stockholder of Zenith National of Los Angeles.

Ga. Agents to Hear Combs at Opening Session on May 19

Georgia Assn. of Insurance Agents will hold its annual convention May 18-20 at Atlanta Biltmore hotel. The first day's session will include executive committee meetings.

The opening speaker May 19 will be Hugh D. Combs, senior executive vice-president of U. S. F. & G., who will tell how proper claim handling means increased business. Reports by officers and conference committees are also on the agenda.

Scheduled that afternoon is a meeting of larger city agents who will discuss direct writer competition and other problems. John Cosgrove, secretary of American of Newark, will show a film, "Sell the Whole Umbrella." The new farm property form, hail and other subjects will be discussed at a meeting of smaller city and rural agents.

These meetings will be followed by a combined session on driver training education with T. A. Carmichael of the Georgia department of education as speaker. The day's program will close with dinner and dancing.

Speakers at the second session will be John F. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, who will speak on a phase of agency principles and James C. O'Connor, executive editor Fire, Casualty & Surety Bulletins, who will discuss meeting competition. A skit on how to operate an insurance agency will follow.

A golf tournament will be held in the afternoon with prizes furnished by Employers group. Atlanta Assn. of Insurance Agents will serve as host at an evening cocktail party before the concluding banquet at which awards will be presented. They include Most Unusual Risk, Dunlap award and Maryland Casualty Local Board award. The Emory University Glee club will furnish the entertainment.

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Seeks Agent Views on Casualty Coverages; Compares Auto Cover of Bureau and Others

The presentations of the casualty questionnaire and a comparison of current automobile liability policies offered by National Bureau and other companies which were made by Joe H. Bandy of Nashville at the Midwest Territorial Conference in Wichita provided a summary of the coverages available today and of some of the changes that agents still would like to have.

The casualty questionnaire has been distributed country wide and agents' answers will form the basis of discussion for the casualty committee of National Assn. of Insurance Agents, of which Mr. Bandy is chairman, and National Bureau May 17-18 in New York.

The question, "Are you satisfied with the automobile private passenger car classification plan currently in use?" drew several spontaneous "no's" from the audience. Mr. Bandy said there is quite a bit of controversy on 1B and 1C. The bureau recently eliminated the major differential in rates between the two in country territories. He believes that the differential should be eliminated in all except highly congested areas.

Other questions included the following:

Would you favor a continuous automobile policy under which premiums were paid semi-annually (a) directly to the company or (b) to the agent using renewal certificate. This is controversial, Mr. Bandy said, but the committee wants the reaction of agents.

Do you feel it is proper to rate a company owned passenger car used exclusively by an executive for private use as class III?

Do you think the development of some form of unsatisfied judgment cover is imperative and could you sell this coverage at an additional premium? Mr. Bandy commented that UJ coverages now on the market are not widely available and the premium varies. He thinks the rate should be based on the BI rate and suggested that the amount paid under medical payments might be deducted from the UJ payment. Perhaps the UJ premium could be discounted if insured carries MP.

Is it important in the sale of private passenger auto cover to have (1) liability cover based on an occurrence rather than accident, (2) cover on autos furnished for the regular use of insured, (3) cover on newly acquired automobiles without notice to insurer, both when it is an additional car and when it replaces one already covered under the policy, and (4) no exclusion on hired autos where insured has signed a hold harmless agreement in connection with the rental? Mr. Bandy said the committee wants to get the ideas of agents as to what a new exclusively private passenger auto policy ought to include.

Should semi-trailers be disregarded for premium calculations and the rate for tractors adjusted to compensate? Seldom is either used by itself, Mr. Bandy commented, and this change would simplify handling.

Would you prefer to have extended medical coverage made a part of the basic MP cover at an increased cost? He said this is his pet peeve.

Should MP be written with the limit of liability shown as a percent-

age of the BI limit? Would you prefer a single premium for BI and MP written in this manner?

Would you prefer a merit rating plan? Mr. Bandy said merit rating is a fine theory but a questionable practice. However, the public apparently believes in it and the business might have to adopt one, as it did driver education credit, for public relations purposes.

Questions on auto PHD included: How about eliminating the symbol section entirely and setting up a table of rates governed by the cost new of an auto and all its accessories and attachments? Mr. Bandy thinks there must be some simpler method of rating than the symbols.

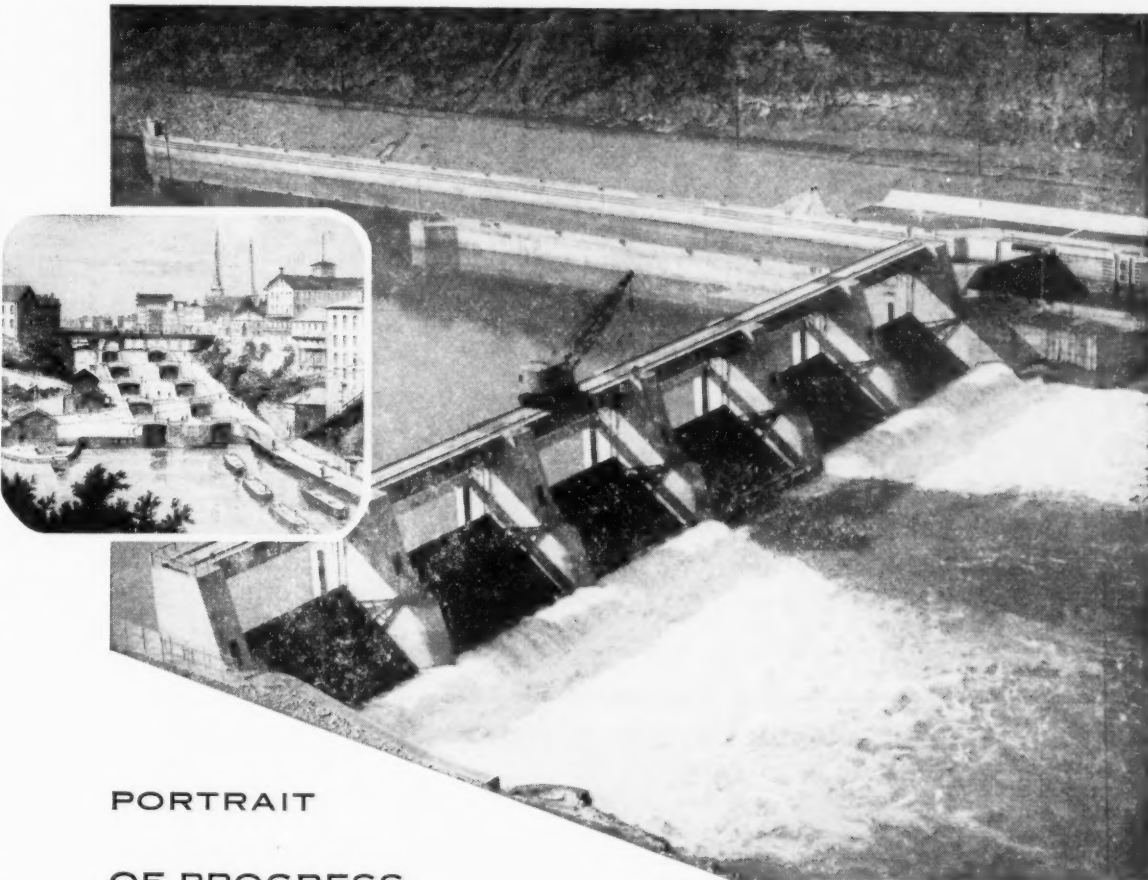
Would you like to have National Automobile Underwriters Assn. adopt the new auto classification plan of the bureau or have National Bureau go back to the three class plan NAUA currently is using? Or should NAUA and the bureau go separate ways on

rating plans?

General casualty questions include: Do you represent bureau companies, non-bureau, or both? He indicated that what the committee is after here is a trend, which it may be able to determine if the question is asked for two or three years.

Does the non-bureau company use lower manual rates than bureau companies? Are non-bureau company experience credits smaller, larger or about the same as those of the bureau? Is the underwriting of non-bureau

(CONTINUED ON PAGE 30)



PORTRAIT
OF PROGRESS

On a cool and brilliant November morning in 1825, an elaborate aquatic procession completed its journey from Albany to the Sea, a keg of lake water was poured into the Atlantic and the cannon at Fort Hamilton announced the official opening of the Erie Canal, first of a long series of internal waterway projects destined to bring the production of our mid-west to the markets of the world.

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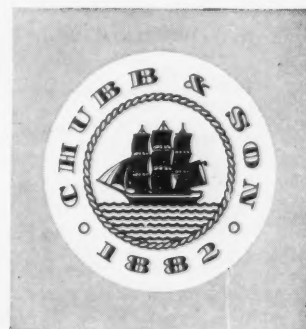
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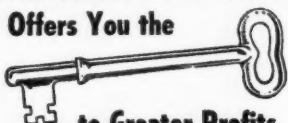
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Hunter Heads N. Y. Mutual Agents; 500 Attend Annual Parley

Corey G. Hunter of Moravia, N. Y. was elected president of Mutual Agents Assn. of New York at the conclusion of the largest annual convention the association ever held. He succeeds John C. Parsons of Syracuse. Mr. Hunter is a former president of National Assn. of Mutual Insurance Agents.

Other officers elected by the 500 delegates at the meeting are Ward L. Howard of Gouverneur and Paul A. Garrick of Medina, vice-presidents; J. Lewis Du Mond of Cobleskill, secretary, and Norris H. Dann of Endicott, treasurer.

Philip L. Baldwin, executive secretary of the national association termed the convention the largest and most spectacular state agents association meeting in the history of mutual insurance. Mrs. Ivy Baker Priest, treasurer of the United States, keynote speaker, was introduced by Mr. Parsons. Earl A. Lamb, New York City, was convention chairman.

A special session on auto liability rates and rate making was directed by Herbert L. Strong of Jamestown Mutual, who pointed out that constantly changing pressures and shifts in the national economy influence rate changes. Answering questions on why rates are so high, he said that design of cars, cost of repairs, cost of services and general inflation were a part of the reason.

At the annual business meeting, the group took up the problems of the uninsured motorist and related legislation, a new group life insurance program, a state-wide safety campaign, a premium finance plan, and a new bank-agent program. A resolution was passed charging officers and directors of the association to seek company support for a compromise plan to compulsory automobile coverage.

During classroom sessions, the most popular subjects were homeowners A and B, the comprehensive dwelling policy, and the new auto policy revisions. Speakers were Keith Skillin of Lumber Mutual Fire, Donald Butcher of Merrimack Mutual Fire, and Harry C. Foster of Utica Mutual respectively. Other subjects covered during these sessions were inland marine personal coverages by Robert L. Agnew of Central Mutual; compensation experience rating by G. H. Milbrant of Pelham; fire insurance rating by J. Clifford Evans of New York Fire Insurance Rating Organization; Farmer's liability by Edwin D. Patrick of National Grange Mutual Liability; farmer's livestock and machinery floater by Richard I. Clark of Canton Cooperative Fire, and a symposium on insurance for the small storekeeper.

Charles R. Kroeger called for a 10 to 15-year program to combat direct writing competition and urged that agents take concerted action to "resolve, one way or the other, those mutual companies who carry on both direct and agency business. He also challenged those agents who broker excess lines for direct writers and charged them with corrupting the agency system. He took particular exception to companies who reinsure for direct writing companies.

Speaking on destructive competition,

Charles S. Rosensweig, editor and publisher of the *Insurance Advocate*, admonished the New York insurance department for supporting the independent companies in filing lower rates based on figures of NYFIRO and charged that such filings could be equivalent to a death warrant on cooperative rate making and rating organizations.

A highlight of the program was a long distance telephone dramatization in which Gov. Harriman of New York and insurance personalities participated. Gov. Harriman, saying that 9.8% of New York's motorists are uninsured, pointed out that there is a need for effective legislation to protect victims of uninsured motorists and said that such legislation would probably be introduced into the legislature next year. The insurance business has done a remarkable job in promoting the voluntary purchase of automobile liability insurance but there are still many uninsured motorists on the road. He also spoke briefly on the newly enacted Condon-Magnuson bill which establishes educational requirements for insurance agents.

J. C. O'Connor, executive editor of *Fire, Casualty & Surety Bulletins* of the National Underwriter Co., speaking from Kansas City, said that the future for automobile insurance is precarious and it is approaching the status of a public utility in which the profit margin is not great. Direct writers will make a drive with residence package policies and agents will have to combat it, he said.

James S. Kemper, chairman of Kemper group, speaking from Palm Springs, Cal., spoke on the competitive scene, pointing to his belief that mutual agents would progress in both good and hard times because of the advantages of the mutual method of operation. The needs, he said, are for base commissions that enable agents to live and companies to be competitive and for a realistic dividend policy.

Claude P. Coates of Fort Worth, a national association vice-president also spoke during the telephone session.

Superintendent Holz spoke on commingling and said that it previously was the policy of the insurance department to publicize the names of persons who had been disciplined for violating the insurance law, but that since the violation does not call for suspension or revocation of the license, he has ordered that they no longer be publicized.

J. F. Montgomery, Jackson, Miss., president of the national association, spoke briefly from Gulfport, Miss., where he was attending the convention of the Mississippi association.

The final speaker in the telephone round-up was I. G. Saltmarsh, president of Indiana Lumbermens Mutual who said that there were explosive developments taking place in the business such as multiple line operations. He predicted that the trend of package policies will spread to the mercantile field and perhaps into the manufacturing field. It will be an opportunity for the well informed agent to qualify as a real insurance counselor, he said.

The convention ended with a dinner dance which featured a circus theme and a five act revue.

Rough Notes Veterans Meet

The Quarter Century Club of Rough Notes Co. of Indianapolis had its inaugural dinner last week. There are 22 members, headed by A. J. Wohlge-muth, president, who have been with the company for 38 years.

Mertz Details Problems of Increased Awards and NACCA Legislation

The problem of increased awards by juries combined with agitation for legislation which makes it easier for such awards to be justified was described by Arthur C. Mertz, attorney for National Assn. of Independent Insurers, in his address before the annual meeting at Chicago of National Assn. of Independent Insurance Adjusters.

After commenting upon the tremendous increase in the average verdict for the plaintiff and a situation in which amounts of \$100,000 for partial disability and \$400,000 for total disability are not unusual even when given to middle-aged workers in relatively low income groups, Mr. Mertz detailed some of the types of legislation which make for an increase in such awards.

In the forefront is legislation to modify or abrogate the principle of contributory negligence and substitute for it the doctrine of comparative negligence. Already comparative negligence laws are in effect in Georgia, Mississippi, Nebraska, South Dakota, Wisconsin and Arkansas. A number of states follow the comparative negligence rule in limited types of cases such as railroad crossing accidents.

Mr. Mertz said the most extreme form of comparative negligence is probably the Mississippi law, while a more moderate law is in Wisconsin, where the plaintiff is completely barred from recovery if his negligence equals or exceeds that of the defendant. However, if the plaintiff is able to recover, he recovers total damages proportionate to the liability of the defendant. Thus if the plaintiff is only 49% wrong and the defendant is 51% wrong, the plaintiff recovers 51%. Mr. Mertz suggested that perhaps 2% would be more equitable.

NAII has a long record of opposition to the replacement of contributory negligence by any form of comparative negligence. The contributory negligence doctrine as a complete defense is one of the rules that makes up an important disciplinary policy and attitude of the legal system, he said. It is a corollary to the rule that one who breaks a contract cannot recover damages for a breach by the other party, and to the principle that he who comes into a court of equity must come with clean hands.

Additionally, the contributory negligence law does not completely bar a party who is at fault to a minor extent. Mr. Mertz said there are many adjusters who could cite cases they have handled where substantial settlements were made with a claimant who was actually guilty of some negligence, or where there was at least a question of due care on his part. Under the contributory negligence law, if the plaintiff's negligence is doubtful or trifling, the jury is inclined to disregard it completely, but to those who would say the law could be dispensed with if it is not being fully observed, Mr. Mertz said the same logic would suggest repealing all traffic speed limits just because it is well-known that most police officers overlook violators who are exceeding the limit by only four or five miles an hour. "Just as the speed limits are a necessary deterrent to reckless driving, a contributory negligence doctrine is a necessary deterrent to the filing and litigating of unmeritorious claims," he said. "When this safeguard is re-

moved, a nuisance value attaches to almost every claim, especially in cases with popular sentimental appeal to jurors. Litigation is stimulated, by reason of the feeling of plaintiff's counsel that he is almost certain of some sort of damage award if he takes the matter to the jury. This is naturally reflected in premium rates."

Each year there are more comparative negligence bills introduced. In 1949 they were tried in seven states, in 1951 in six states, in 1953 in 20 states and this year in 23 states, one of which (Arkansas) has adopted the idea.

Another proposal coming more and more often in the legislative scene is that to permit direct action against liability insurers in tort cases. Such laws are already on the books in Wisconsin and Louisiana, and bills on this score have been introduced so far this

year in seven states.

There is no possible justification for this rule, Mr. Mertz declared. The object is to make the jury concentrate on how much money the defendant or his insurer have instead of whether there is blame. If the amount of money available is to be made an issue, he wondered why the defense counsel should not be allowed to bring up the question of the wealth of the plaintiff, to show in some cases that the plaintiff has no real need for the damage mon-

CONTINUED ON PAGE 20



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ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE

Zurich Safety Film Wins in National Contest

"Face to Face," a film produced by the Zurich companies was the only sound slidefilm to win a first place in the 1954 contest of National Committee on Films for Safety. The committee is composed of representatives of 22 organizations interested in safety promotion.

"Face to Face" won top award in the traffic and transportation classification. Another Zurich film, "Heads You Win," won a certificate of merit in occupational safety.

Using the story technique, "Face to Face" shows that pent up emotions, inexperience, faulty judgment, and inattention are big causes of traffic ac-

cidents. It also shows why people act differently face to face than when they are behind the wheels of their automobiles. "Heads You Win" points out that safety needs a lot of attention in the small shop.

Both films were made as a part of the companies' safety and health education program, products of which are available without charge to commercial risks and are used by Zurich agents for promotional purposes. Zurich films have won one or more awards in the national safety film contest each year since 1944.

Means of improving traffic law enforcement were discussed at a meeting at Utica, N. Y., sponsored by the Insurance Industry Committee on Motor Vehicle Accidents and attended by municipal and police heads of 38 New York communities.



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No Miracle Formulas Needed for Agency System—Osler

The American agency system is an out-of-training fighter being pounded onto the ropes by government competition, "get-it-wholesale" appeals of mass selling, direct writers, and "fringe insurers such as Blue Cross," R. W. Osler, vice-president, Rough Notes Co., Indianapolis, told a joint meeting of the Fort Wayne life, A&H, and fire-casualty agents' associations.

"Eating gluttonously on the manna from heaven of inflation's easy money, we've grown too lazy to go out and sell," he charged. "The result is that we're leaving great areas uninsured or underinsured, and anti-agency systems are moving in, not by dire plot, but by our default."

Pointing out that the percentage of disposable national income going into life insurance has dropped sharply from pre-war days, charging that the increase in property values since the war has been inadequately insured, and declaring that despite the 500% increase in A & S premium income in recent years, the surface of insurable disability needs has been only scratched. Mr. Osler warned that "unless the individual agent who makes up the American agency system, gets up off the floor and comes out fighting soon, the whole system is going the way of all has-been champions."

The need of the American agency system, he stated, is not for new techniques and miracle formulas, but to use the skills it has learned already in its hundred or more years of existence. "Come off the ropes and start fighting with the technique with which you made America the best-insured on the face of the earth, do that, and you'll have government competition and all the other inimical forces on the floor for the count in less than ten years."

Listing Blue Cross as one of the forces inimical to the agency system, Mr. Osler also charged it "may be the Trojan horse of socialized insurance."

"Direct socialization of insurance has been defeated," he declared, "but the social planners linger on. Blue Cross, stressing 'non-profit', attempting to build the aura of 'community service', using selling techniques and advertising which, by implication, reflect on private insurance, is a perfect medium for the social planners to use for moving in. It presents them with a carrier they think they might be able to subsidize without inciting the public cry of 'Handing profits to big corporations.'"

"That the danger is real," he charged, "is proved by bills in the last session of Congress to grant subsidies to service plan insurers."

"The thing that amazes me," Mr. Osler said, "is that businessmen who are stockholders in various organizations so often seem to think that insurance should be sold on a non-profit basis. These same men cry to high heaven about the threat of socialism and the need for free enterprise, yet they do not believe that insurance should be allowed to operate under the same profit system that built their own business and built America."

The American agency system is definitely on the ropes, the speaker concluded, "even if some of its members are too punch drunk to realize it. But the fact that it is on the ropes does not mean it is licked. They pushed Dempsey back in the ring and in two

rounds he knocked out Firpo. Tunney sat on the floor for the count of 13, and got up to win the championship. If the American agency system will only come out fighting with the 'moxie' of 100 years of training, it too can win the fight—the fight for free enterprise," he concluded.

Insurance Women of Toledo elected Miss Martha McHugh president at the annual meeting. Other officers elected are Mrs. Lorine O'Boyle, first vice-president; Mrs. Frances Schneider, second vice-president; Miss Beverly Mack, recording secretary; Mrs. Betty Raitz, corresponding secretary, and Miss Agnes Goldbach, treasurer.

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and Hartford Steam Boiler has specialized in this highly technical line of insurance for eighty-nine years. It is set up to help agents and brokers serve their clients in many ways.

For example: Its nation-wide staff of 600 Field Inspectors, their work checked and supervised by 19 regional engineering offices, has earned an enviable reputation for helpfulness. These men have prevented accidents to insured equipment and have often prolonged by years the usable life of boilers and machinery. They have helped get plants back into operation quickly when accidents occurred.

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Iowa Agents to Hold Annual May 12-14 at Des Moines

A wind-up banquet on Saturday evening, a "smoker" for the women, and a past president's award will be three new features of the annual convention of Iowa Assn. of Insurance Agents to be held May 12-14 at Hotel Savery in Des Moines.

Conclusion of the convention has been scheduled for the first time for Saturday to provide agents a week-end opportunity to attend.

The "smoker" for wives, women agents and office assistants is scheduled as a "stagette" which will be held Thursday evening at the same time a smoker is being held for the men. Also, special registration will be held for the women.

The other innovation of the convention, the past president's award, will be given to the agent who has made the most outstanding contribution of service for the association during the past year. A committee of past presidents will determine the winner.

The opening day of the convention will include a meeting of the executive committee and the annual dinner for past presidents that evening. The morning session of the second day, for members only, will be for a discussion of association activities and programs.

A luncheon the second day will be addressed by Arthur M. O'Connell, Cincinnati, member of the National executive committee, whose subject will be "Operation Survival."

Friday afternoon's program will include talks by Thomas Nuckles of Marysville, O., on "Cross Over the Bridge" and by Raymond Belknap, vice-president Continental Assurance, on "The Big Change."

Saturday sessions will start with breakfast meetings for farm writing agents and local boards.

David Gray of AFCO will talk at the Saturday morning session on "More Production and Less Expense Through Premium Financing." E. L. Werner, president Insurers Service Corp., will address the Saturday luncheon on "Insurance—A Bit of Yesterday, Today and Tomorrow?"

N. J. Treasurer Favors Compulsory Auto Law

Compulsory automobile liability insurance was advocated by Archibald S. Alexander, New Jersey state treasurer, at a hearing conducted by the assembly business affairs committee. He said the state would be served better in the long run if there were compulsory insurance.

Frederick J. Gassert Jr., motor vehicle director, and Charles R. Howell, banking and insurance commissioner, also testified on the relative merits of compulsory insurance and the state's new unsatisfied claims and judgment fund. A compulsory law has been introduced in the assembly. Mr. Gassert said he expects the new law to make more work for the courts and lawyers. Mr. Howell said he is "a little inclined to the philosophy" of seeing how the new fund works for a year or two before considering any changes.

Spanish Insurance Man Feted

American Foreign Insurance Assn. tendered a luncheon in honor of Sr. Luis Hermida Higuera, managing director of La Union y El Fenix of Madrid, at the Bankers Club in New York. Guests included J. A. Heinze, managing partner, Gilbert Kingan Jr., and G. M. Loughery, partners, all of Fester, Fothergill & Hartung, U.S. representative of the Spanish insurer, and

James O. Nichols, AFIA general manager.

Company Formed in Ala.; Mutual Becomes Stock

Gulf American Fire & Casualty, with capital stock of \$250,000, has incorporated in Montgomery, Ala., and International Mutual of Montgomery has completed conversion by a stock sale into International Casualty.

Gulf American began business with \$214,875 of its capital stock, valued at \$5 per share, paid in and issued. Officers are Winton M. Blount, president;

John B. Scott, vice-president, and Morris A. Burkett, secretary-treasurer.

International Casualty, which has a capital of \$300,000, plans a permanent home office building in Montgomery, expansion of its sales territory to other states and an increase in office staff. The company now has agents in 70 cities.

Ellwood Gets New Post

William F. Ellwood, who has been a solicitor for Weghorn agency of New York City for the past year, has been named to head the agency's automobile

physical damage insurance department. A former operator of his own brokerage firm and agency, he entered insurance with Maryland Casualty and served Indemnity of North America as assistant to the manager of the burglary and allied lines department and National Surety as Brooklyn manager of the same lines.

Plan Institute at U. of Colo.

The University of Colorado in cooperation with Colorado Insurers Assn. will conduct a fire and casualty institute June 22-25 at Boulder.



H. K. DENT

"Making Business STICK"

by H. K. DENT

"A good salesman need not necessarily be a good talker, but he must be sold on what he has to sell and that he can do his prospect some good. I say to you, don't be afraid of *not* getting the business; be afraid of getting the business without thoroughly selling the man and convincing him he is doing the right thing in giving it to you—because you may not have another opportunity. If the business is sent back for cancellation next year, (when he gives it to a 'friend'), your opportunity to give him the full facts has gone. If your proposition is right, and in his interests the first time, then be sure to tell him the full story about your plan and the company behind it. That story will stick with *him*—and the business will stick with *you*. So don't be afraid of losing the business; be afraid that you get it so easily that it won't stick."

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Why has the GENERAL become the 15th largest agency capital stock fire insurance company in the nation within 32 years? Because year after year NEW insureds have felt satisfied with the indemnity, service and savings—and have renewed. No greater testimonial to an insurance company's service can be offered anywhere at any time than this steadily mounting vote of confidence from the man who counts most—*The Insured!* To agents of the GENERAL this means steadily increasing volume and profit, because his GENERAL business STICKS WITH HIM.

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President

Name 3 New Managers for Western Adjustment

Three new managers have been appointed by Western Adjustment. Ray F. Bremel, former Omaha manager, has been named manager at Ashland, Ky., succeeding William D. Clay, resigned. Harold E. Guy, former resident adjuster at Wilmington, O., has become manager at Zanesville, O., succeeding G. S. Forbush, who was promoted to the staff at Cleveland.

Adjuster E. H. Wuchter, has been promoted from the staff at Akron to manager there, succeeding C. H. Hartnell, who has been promoted to general adjuster.

W. H. Whiteman has been promoted from the Canton staff to acting manager there, succeeding Manager M. W. Collie, deceased. C. G. Hein, formerly of the Athens, O. staff, has been named

resident adjuster in charge of a new office at Marietta, O.

FTC Extends Appeal Time

The federal trade commission has extended until May 2 the time to file appeals to members of the commission from interlocutory orders of Examiner Laughlin denying motions to dismiss complaints against Life of America of Wilmington, Del., and Guarantee Reserve Life of Hammond, Ind., charging false advertising of their A&H policies.

Green Tree Breaks Old Policy

After 171 years, Mutual Ins. Co. for Insuring Houses from Loss by Fire—known as the Green Tree—is now writing insurance on frame houses. The Philadelphia insurer had previously limited its perpetual insurance policies to homes with at least 60% masonry construction.

Aetna Casualty Starts National Ad Campaign

Aetna Casualty is launching a national consumer advertising campaign June 6 with full-page advertisements in *Life*, *Time* and *Saturday Evening Post*. Additional full-page insertions will appear in these magazines throughout the year. The two-color advertisements will feature the personal service of the company's agents throughout the country, with special emphasis on coast-to-coast claim service. William B. Remington, Inc., Springfield, Mass., is handling the account.

Special tie-in material will be available to Aetna Casualty agents, including posters, window and counter displays, local newspaper advertisements, direct mail and other sales promotional aids.

Brooklyn Brokers Hear Talk on Inland Marine

Alvin Lowenkron, marine department manager of the Jaffe agency, New York City, told Independent Insurance Brokers Assn. of Brooklyn they must familiarize themselves with newly available forms and revisions in inland marine policies, keep abreast of their markets and give a great deal of attention to the uncontrolled classes to write inland marine business intelligently.

Markets for the uncontrolled classes may alter radically over relatively short period of time because of sudden reversal of loss experience within certain classes of business, he said. He pointed to the transportation policy as an example of a much abused but common form whose vagaries brokers should study if they plan to give insured real insurance counsel.

Mariners Club Elects

New officers of New York Mariners Club are Frank J. Richardson, assistant secretary of Talbot, Bird & Co., skipper; Fred A. Gelderman of Fireman's Fund, mate; William B. Bolton of Marine Office of America, purser; Thomas C. Johnson of American International Underwriters, yeoman; Stephen S. Chamberlain of Home, Henry J. Eisenreich of Security-Connecticut, and William E. Myers, secretary of Commercial Union, executive committee. Mr. Richardson appointed William A. Leary of Century, master-at-arms; Thomas E. Kennelly of St. Paul F&M, chairman of the program committee, and Vincent A. Wick of Talbot, Bird & Co., chairman of the public relations committee.

Babaco Opens Conn. Agency

Babaco Alarm Systems has opened a new agency at Stratford Ignition Co., 1197 Barnum avenue, Stratford, Conn., operated by Fred Barber.

Dodge County (Wis.) Assn. of Insurance Agents, meeting at Juneau, heard a talk by D. J. Leseth, Commercial Union, on dwelling form changes.

Eastern CPCU Institute Schedules 16 Speakers

The program for the eastern CPCU institute June 7-9 at Storrs, Conn., has been completed. The institute will end with a general luncheon.

The speakers and their subjects will be B. J. Daenzer, secretary of Security-Connecticut, insurance in the public interest; L. J. Ackerman, dean of the school of business administration of University of Connecticut, marketing the product; S. F. Staples, vice-president of Employers Mutuals of Wisconsin, selling through the direct sales organization; John Adam Jr., vice-president of Central Mutual of Ohio, mutual and participating companies selling through agents and brokers; R. E. Farrer, secretary of National Fire, merchandising systems; R. S. Christiansen, vice-president of Associated Reciprocity, selling through highly trained specialists; John C. Weghorn, local agent of New York City, the American agency system.

Also, L. V. Irvine, superintendent of the training division of Travelers, stating the problem; H. James Doolittle, engineering consultant of Aetna Fire group, loss ratios; W. S. Chandler, vice-president of Phoenix of Hartford, home office and field expenses; W. A. Stevens, Hartford Accident, claim costs; Paul J. Synor, secretary and comptroller of North British and president of Insurance Accountants' Assn., automation, the effect of electronics and automatic equipment on company and agency operations; John A. North, president of Phoenix of Hartford, improvement of the product from the companies' point of view; B. E. Kelley, insurance manager of U. S. Plywood Corp., improving insurance from the buyers' point of view; J. R. Blades, partner of Blades & Macaulay, insurance consultants, improving insurance from the viewpoint of the consultant; and W. H. Rodda, secretary of Transportation Insurance Rating Bureau, road blocks to progress.

Legal Forum for Claim Men at Oklahoma City

OKLAHOMA CITY—Oklahoma City Claim Men's Assn. last week held the first of what it intends to be an annual session on legal developments. Six attorneys discussed before an audience of 75 the various phases of governing statutes and the best way to handle them. Subjects covered included workmen's compensation, demonstrative evidence, laws of negligence, trial tactics, basic principles, liability contracts and investigations and settlements.

Ehre Buffalo Director

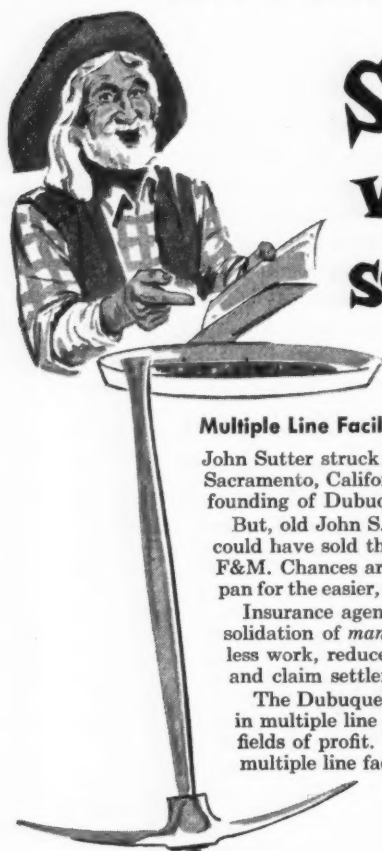
Victor T. Ehre has been elected a director of Buffalo by the board which also ratified by election his March 1 appointment as vice-president.

J. G. Hasselbrack was named casualty underwriting manager to assist Mr. Ehre. Mr. Ehre was formerly a Kemper group vice-president. Mr. Hasselbrack previously was a vice-president of Aetna group.

Kill Wis. School Bill

The Wisconsin assembly has killed the bill that would have reduced state school aid to districts failing to insure their property in the state insurance fund by the amount of money they paid in premiums to private insurers.

Hawkeye-Security declared a quarterly dividend of 37½ cents a share on its common stock payable April 28 to stock of record April 21. The company also on April 15 declared a quarterly dividend on the 5% preferred stock.



**Sutter
would have
sold Dubuque**

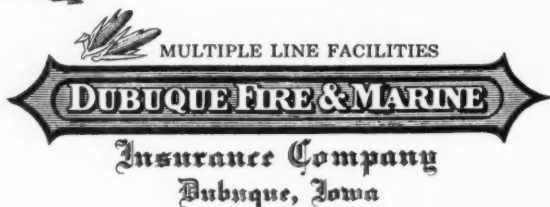
Multiple Line Facilities Offer More Profit

John Sutter struck gold at Sutter's Mill near Sacramento, California in 1848—just 34 years before the founding of Dubuque Fire & Marine.

But, old John S. might never have left home at all if he could have sold the multiple line facilities of Dubuque F&M. Chances are he'd have thrown away his pick and pan for the easier, surer profits of the Dubuque "packages."

Insurance agents everywhere are finding that consolidation of many policies in one Dubuque policy means less work, reduces overhead, simplifies policy writing and claim settlement, and that customers prefer it!

The Dubuque F&M man can help you. His experience in multiple line service can help you prospect new fields of profit. Write us today for details of our multiple line facilities.



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Suggestions Are Made by N. E. Mutual Assn. to Aid Storm Work

Suggestions for improving the handling of claims arising from catastrophes are contained in the April issue of *Insurance News Letter*, published by Mutual Fire Assn. of New England for circulation among mutual agencies.

The publication notes that the problems created by catastrophes, such as were suffered in New England last year, can be summed up in a few words: number of claims and available manpower.

Suggestions for improving the situation, immediately followed by comments by the news letter, included:

(1) Competitive advantage and privilege must be out. Everyone agrees to this principal but there are all too many who will not practice it...

(2) The 72-hour moratorium must be observed. Maybe the moratorium should be for a longer period. Everyone—agents, adjusters, companies—need this time to organize their offices, install additional telephones, put on additional personnel, set up special files...

(3) Producers must be more careful in preparation of loss notices. Incorrect and incomplete notices have to be sent back for correction or the valuable time of an adjuster wasted in getting the form in order...

(4) Producers must take time to check reports of loss by an insured to determine if there has actually been a loss that will result in a claim...

(5) Adjusters must accept assignment to a given zone and must stay in that area. At such a time agents must not use or attempt to use their favorite adjusters and adjusters cannot accept losses from their favorite agents...

(6) Companies must perfect a method by which agents will be informed when an adjuster has been assigned. This was poorly done last fall resulting in confusion and misunderstanding...

(7) Ways and means of making assignments to adjusters must be found so that they will not be overloaded beyond their capacity. The mutual system of reporting to a central supervisory office and assignment by that office could cure this, but so long as any segment allows direct assignment there will be a terrific problem...

Mutual Benefit, United Benefit Southern General Agents Elect R. B. Condon

R. B. Condon, general agent for Mutual Benefit H. & A. and United Benefit Life at Louisville, was elected president of the two companies' Southern General Agents Assn. at their annual meeting in Atlanta. E. C. Vernon of Jackson, Miss., was elected vice-president, and Frank S. Stout of Clarksburg, West Va., was named secretary-treasurer. W. J. Morgan of Columbia, South Carolina, is the retiring president.

V. J. Skutt, president Mutual Benefit and N. Murray Longworth, United Benefit president, principal speakers at the meeting, predicted continued growth for their companies.

N. Y. Blue Cross to Study Home Nursing

Associated Hospital Service of New York, (Blue Cross) will continue a study concerning the feasibility of providing home nursing service to Blue Cross subscribers through visiting nurse agencies now that a preliminary study has proved successful. The organization will also expand the program.

(8) A better system for bringing in outside adjusters earlier must be devised. Work is now being done on this. The association's loss adjustment committee is working with the Mutual Loss Research Bureau and the National Assn. of Independent Adjusters...

(9) Companies must give agents more latitude in adjusting small losses and agents must assume the responsibility for making such adjustments.

(10) Paper work must be cut down, and red tape cut out. Loss reports must

be simple, short and uniform...

(11) The wave wash problem must be met. People who build houses on the beaches must assume some of the responsibility for their foolhardiness. The trouble with specific wave wash coverage in New England is that there is not enough such business nor sufficient spread to make it insurable at any rate that the public could pay...

(12) There must be more uniformity and greater cooperation between all segments of the business. The problem is the same for all agency companies,

regardless of the method of operation. It is how to adjust a tremendous number of losses expeditiously and efficiently...

(13) Public relations...Something should be done to improve it.

The news letter concludes there are a lot of other suggestions, but the above seem the most important...Mutual companies are working on this plan...the association solicits the advice and assistance of every segment of the business in an effort to lick the problem of windstorm.

Year after year, the high immunity from fire and burglary losses in ADT-protected properties attests the exceptional effectiveness and dependability of ADT Central Station Electric Protection Services

1954



PERFORMANCE

SPRINKLER SUPERVISORY AND WATERFLOW ALARM SERVICE

Supervisory signals, indicating conditions causing temporary impairment of sprinkler systems.....	198,564
Waterflow alarms, caused by fires or serious leaks.....	2,994
Manual fire alarms.....	115
Reported values of properties protected.....	\$15,876,633,000
Ratio of losses to values protected.....	2/100ths of 1%
Fire-loss immunity in 1954.....	99-98/100ths %

AVERAGE FIRE-LOSS IMMUNITY DURING THE PAST TEN YEARS

99⁹⁸/₁₀₀%

BURGLAR AND HOLDUP ALARM SERVICES

Attacks on ADT Protection.....	2,594
Entrances effected.....	1,531
Captures as result of burglar, holdup, other emergency alarms.....	1,013
Reported values of properties protected.....	\$4,942,355,000*
Ratio of losses to values protected.....	2/100ths of 1%
Burglary-loss immunity in 1954.....	99-98/100ths %

*Not including ADT-protected values in bank vaults, the U. S. Treasury, Federal Reserve Banks and branches, the U. S. Mints and the U. S. Bullion Depositories at Fort Knox, Ky., and West Point, N. Y.

AVERAGE BURGLARY-LOSS IMMUNITY DURING THE PAST TEN YEARS

99⁹⁹/₁₀₀%

WATCHMAN'S REPORTING AND MANUAL FIRE ALARM SERVICE

Investigations of failures of watchmen to signal Central Station on schedule.....	206,875
Total number of signals recorded.....	314,502,496
Watchmen's patrol efficiency.....	99-93/100ths %
Alarms from Manual Fire Alarm Boxes.....	1,362
Reported values of properties protected.....	\$18,907,278,000
Ratio of fire losses to values protected.....	2/100ths of 1%
Fire-loss immunity in 1954.....	99-98/100ths %

AVERAGE FIRE-LOSS IMMUNITY DURING THE PAST TEN YEARS

99⁹⁶/₁₀₀%

This remarkable record reflects the value of continuous supervision and proper maintenance of protective signaling systems, as provided by ADT Services. For complete information, call our local sales office if we are listed in your phone book, or write to our Executive Offices.

Controlled Companies of
**AMERICAN DISTRICT
TELEGRAPH COMPANY**
A NATIONWIDE ORGANIZATION
Executive Offices
155 Sixth Ave. New York 13 N. Y.

THE UNITY FIRE AND GENERAL INSURANCE COMPANY

FIRE AND ALLIED LINES
OCEAN AND INLAND MARINE

JOHN A. HEINZE, President

PAUL RENE de MAGNIN, First Vice President
GARDNER M. LOUGHERY, Vice President

CHARLES W. REICHERT, Secretary
GILBERT KINGAN, Jr., Asst. Secretary

Statement as of December 31, 1954

ASSETS

*U. S. Government Bonds	\$3,164,669.59
*Other Bonds	701,753.19
Common Stocks	2,324,709.00
Cash in Banks and Office	405,475.80
Balances under 90 days	125,535.23
Interest due and accrued and other Assets	144,775.44
	<u>\$6,866,918.25</u>

LIABILITIES

Reserve for Outstanding Losses	\$ 562,631.92
Reserve for Unearned Premiums	2,145,553.14
Reserve for All Other Liabilities	750,392.70
Capital Paid Up	\$ 500,000.00
Surplus Over All Liabilities	2,908,340.49
Surplus to Policyholders	3,408,340.49
	<u>\$6,866,918.25</u>

*Bonds as above valued on amortized or investment basis. Securities and cash carried at \$697,460.56 in the above statement are deposited for purposes required by law.

90 JOHN STREET • NEW YORK 38, NEW YORK

Name Seven for Faculty of Cal. Management Sessions

Seven faculty members have been named for the advanced agency management conference to be held at Stanford University June 26-July 1 under sponsorship of California Assn. of Insurance Agents and the university's graduate school of business.

The seven instructors and courses they will present are:

L. E. Best of Best Accounting Service, "Simplified Agency Accounting"; Thomas E. Buckley of International Business Machines, "Electronic Aids for Producers"; Joseph A. Gilbert of Moore Business Forms, "Sales Techniques for Producers"; John Holland of Withoft & Farley, Oakland insurance brokers, "Servicing Existing Accounts"; Richard H. Kent, of Ernst & Ernst, San Francisco CPA firm, "Tax Problems of Producers"; Bert Stewart Jr., field secretary National Automobile Club, "Effective Agency Advertising"; and Cas D. Swett Jr. of L. E. Wraith & Associates, Woodland agency, "Servicing Existing Accounts".

Eugene A. Toale, NAIA educational director, will be coordinator of the conference.

Claim Meeting May 19-20

Claim Managers Council of Independent Casualty Insurers will hold its summer meeting May 19-20 at Excelsior Springs, Mo. New officers will be elected.

The program includes talks by Byron Olsen of Casualty Underwriters of St. Paul, on claim procedure; John Joyce, Capitol Indemnity, on the new auto policy; C. G. Jamison, Wabash Fire & Casualty, on the effect of financial responsibility filing, and Lawrence Weigand, Wichita attorney. There will be a panel discussion in which the participants will be Paul Risher of Hawkeye-Security; M. L. McClanaghan of Economy Fire & Casualty, and John L. Freeze of Southwest General.

Paul Risher is president of the council.

So. Cal. Surety Men Have Party

LOS ANGELES.—Surety Underwriters Assn. of Southern California held its golf tournament and dinner April 15 at the Hacienda Golf Club, Whittier, with more than 100 members and guests in attendance. Attorneys Joe Joe Crider Jr., and Newton E. Anderson presented the trophies for the golfers.

Ind. CPCUs Hear C. R. McCotter

C. R. McCotter, chairman of Grain Dealers Mutual of Indianapolis, discussed insurance company investments at the April meeting of Indiana CPCU chapter.

Convention Dates

- May 1-3, Alabama Assn. of Insurance Agents, annual, Tutwiler hotel, Birmingham.
- May 1-3, Florida Assn. of Mutual Insurance Agents, annual, Tides hotel, St. Petersburg.
- May 1-4, National Assn. of Insurance Commissioners, zone 3 meeting, Seelbach hotel, Louisville, Ky.
- May 2-4, National Assn. Surety Bond Producers, annual, Hotel Waldorf Astoria, New York.
- May 4-6, American Management Assn., Insurance Conference, Statler hotel, New York City.
- May 5-7, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 5-7, Florida Assn. of Insurance Agents, annual, Hotel di Lido, Miami Beach.
- May 6-7, Rocky Mountain Territorial Conference, National Assn. of Insurance Agents, Broadmoor hotel, Colorado Springs.
- May 8-9, New Jersey Assn. of Mutual Insurance Agents, annual, Hotel Berkeley-Carteret, Asbury Park.
- May 8-10, New York Assn. of Insurance Agents, annual, Hotel Syracuse, Syracuse.
- May 8-10, Mutual Insurance Agents Assn. of Virginia, annual, Shoreham hotel, Washington, D. C.
- May 9-10, Virginia-D. C. Assn. of Mutual Insurance Agents, annual, Shoreham hotel, Washington, D. C.
- May 9-11, H & A Underwriters Conference, annual, King Edward hotel, Toronto, Ont., Can.
- May 10, Assn. of Casualty & Surety Companies, annual, Waldorf Astoria hotel, New York City.
- May 11, National Bureau of Casualty Underwriters, annual, New York City.
- May 12, Surety Assn. of America, annual, Hotel Astor, New York City.
- May 12, Wisconsin Assn. of Insurance Agents, midyear, Loraine hotel, Madison.
- May 12-14, Iowa Assn. of Insurance Agents, annual, Hotel Savery, Des Moines.
- May 13-14, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.
- May 16-17, Georgia Assn. of Mutual Insurance Agents, annual, Radium Springs, Albany.
- May 16-20, National Fire Protection Assn., annual, Netherlands Plaza, Cincinnati.
- May 16, Vermont Assn. of Insurance Agents, midyear, Woodstock Inn, Woodstock.
- May 18-20, Georgia Assn. of Insurance Agents, annual, Atlanta Biltmore hotel, Atlanta.
- May 19, Society of Fire Protection Engineers, annual, Netherlands Plaza, Cincinnati.
- May 19-20, Arkansas Assn. of Insurance Agents, annual, The Arlington, Hot Springs.
- May 19-21, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.
- May 20-21, Texas Assn. of Insurance Agents, annual, Galvez hotel, Galveston.
- May 22-24, Tennessee-Arkansas Assn. of Mutual Insurance Agents, annual, Hotel Peabody, Memphis.
- May 23-25, Board of Fire Underwriters of the Pacific, annual, Biltmore hotel, Santa Barbara, Cal.
- May 23-25, Insurance Accounting & Statistical Assn., Palmer House, Chicago.
- May 24-25, National Assn. of Insurance Brokers, annual, Mark Hopkins hotel, San Francisco.
- May 26, National Board of Fire Underwriters, annual, Commodore hotel, New York City.
- May 26, Midwestern Independent Statistical Service, annual, LaSalle hotel, Chicago.
- May 30-June 3, National Assn. of Insurance Commissioners, annual, Biltmore Hotel, Los Angeles.
- June 8-9, Missouri Fire Underwriters Assn., annual, Taneycomo hotel, Rockaway Beach, Mo.
- June 9-11, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- June 12-14, Maryland Assn. of Insurance Agents, midyear, George Washington hotel, Ocean City.
- June 13-15, Michigan Fire Underwriters Assn. and Michigan Blue Goose, annual, Gratiot Inn, Port Huron.
- June 12-16, Insurance Division of the Special Libraries Assn., annual, Statler hotel, Detroit.
- June 13-15, International Assn. of A & H Underwriters, annual, Gunter hotel, San Antonio.
- June 13-15, Southeastern Underwriters Assn., annual, The Homestead hotel, Hot Springs, Va.
- June 13-15, Virginia Assn. of Insurance Agents, annual, Roanoke hotel, Roanoke.
- June 14-16, Illinois Fire Underwriters Assn., annual, Nippersink Manor, Genoa City, Wis.
- June 14-16, Kentucky Fire Underwriters Assn., annual, Kentucky Dam Village, Gilbertson.
- June 14-17, National Assn. of Insurance Women, annual, Palace hotel, San Francisco.

Financial Statement

as of
December 31, 1954



MULTIPLE LINE FACILITIES

Fire • Fidelity & Surety
Burglary • Plate Glass
Workmen's Compensation
Misc. General Liability
Automobile • Allied Lines

ASSETS

Bonds	\$ 8,080,378.34
Stocks	2,459,271.16
Cash in Banks & Offices	1,337,417.26
Agents Balance (not over 90 days)	1,121,536.85
F.H.A. Mortgages	31,285.74
Home Office	326,681.49
Accrued Interest & Misc. Funds	424,668.66
Total Admitted Assets	<u>\$13,781,239.50</u>

RESERVES AND SURPLUS

Claims Reserve	\$ 5,069,992.35
Unearned Premiums	4,355,421.86
Commissions	41,845.98
Tax Reserves	323,923.45
Miscellaneous Reserves	672,289.89
Voluntary Reserve	\$ 817,765.97
Capital	1,000,000.00
Surplus	1,500,000.00
Surplus to Policyholders	3,317,765.97
Total Liabilities	<u>\$13,781,239.50</u>

ANCHOR CASUALTY COMPANY
SAINT PAUL, MINNESOTA



Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Training Salesmen for Agency Succession Important Phase in Business Technique

Training young men for succession in an insurance agency should be of vital interest to all agency principals who are planning for the future. Only by bringing along young men can an agency expand and grow in service to the public. The North America Fieldman is conducting a survey among agents to obtain additional facts about the choosing, training and other phases pertaining to agents and salesmen. Below is the Fieldman article by Harry F. Pritchard of General Underwriters of Detroit which gives his views on training personnel for succession in an agency. Mr. Pritchard has spent 10 years in safety engineering and underwriting with Standard Accident, five years in branch offices of Aetna Casualty and Royal-Liverpool group. Recently he has been with the agency, where he is in charge of production and a program of training reserves.

An agency that is sincerely interested in doing a good job for the insuring public has a never-ending task in bringing along new talent. The experienced and established members of the agency reach a saturation point in the number of accounts which they can handle well, so they need capable assistance. As the business grows, certain of these men assisting begin to handle their own accounts. Then, too, as men retire from the agency, their accounts have to be absorbed and the manpower has to be there.

In planning, proper consideration has to be given to age levels. If the agency is comprised primarily of men who are long established in the business, you just can't start training men who are too young to fill their boots. There has to be a layer or two in between. Where there is a need for, say, men in the 30s, it becomes a necessity to seek experienced men; and it is practical to obtain men experienced in insurance. The men in their early 20s can very well get their training in the agency.

Thought has to be given to the need and distribution of help both for inside and sales positions. Service is an important function of a successful agency and, accordingly, a well balanced staff is necessary. People on inside work, properly trained and capable, who efficiently process policies, endorsements and the like, and who can come up with the correct answers on coverages, are a valuable asset.

Our thoughts on training apply to all personnel destined for succession in the agency, regardless of their ultimate duties, inside or outside, with an added touch for those who eventually go into selling.

A successful agency has established certain principles in its dealings with its customers and companies, as well as plans as to detail of carrying on this

complex business. Getting a good firm foundation of this is necessary for new personnel to eliminate trouble and headaches later on. A very important phase, even to an experienced insurance man, is becoming acquainted with lines of insurance he has not been exposed to, in order to handle all the insurance needs of a customer. Becoming acquainted includes not only knowing the insurance coverage, but company representatives with whom the agency deals, and the underwriting considerations. Then, too, on the detail end, in particular, the accounting procedures should be understood.

For the younger level, where inexperienced men are concerned, it is a case of gradually teaching them the fundamentals and details of the business by first assigning them to clerical jobs and allowing them to work side by side with and under experienced personnel. In a large agency where there are people well versed in insurance, underwriting-wise, and well acquainted in company requirements and practices, it is possible to do a good job of training.

We have followed a plan of allowing the younger men to work along with an experienced producer, as well as working in the underwriting department. Fortunately, we operate a full fledged underwriting department, so this gives one man an opportunity to learn coverages, rating, company rules and practices, accounting procedures and to get acquainted with company representatives. Working with a producer, he can learn selling procedures and account handling. Gradually some

of these men are given the opportunity to develop their own accounts for eventual production work.

Just prior to putting these men on a full time sales basis, advantage has been taken of short company insurance courses. This gives them a condensed review, insight on additional coverages, the company slant, and consequently, added confidence.

While agency training of experienced men does not present as much of a problem, it should not be overlooked. In accomplishing this we have followed a pattern of giving such persons an opportunity to go beyond the scope of their own assigned job. While carrying his own weight, he is given the opportunity to learn through contact with others and through actual handling of guided assignments outside his normal duties.

Experienced insurance men brought into an agency for sales purposes, unless they've had agency experience, will profit immeasurably if given the opportunity to learn the agency business from the inside before actively going into the production end of it. There is a "feel" to the selling side, and confidence plays a major part. If first assigned to inside duties, through observing sales methods of others and gradually working into account handling, the transition is much easier and more beneficial in the long pull.

Only recently we have supplemented these methods by a monthly educational meeting. This meeting is designed to assist all members of the agency in need of or interested in furthering their knowledge of the business. The intent is an exchange of ideas to benefit from the experience of others, as well as definite instruction from those qualified.

These efforts towards training help to develop morale, a greater spirit of cooperation, and achievement of a common goal—better insurance service to customers and resultant agency success.

N. D. UJ Fund Payments Near \$½ Million Total

Growing public awareness of North Dakota's unsatisfied judgment fund is apparent in the steady increase of disbursements since the fund was started in 1948. From a single damage action, totaling \$1,224, in the first year of operation, payments climbed to a high of \$151,115 for 56 suits in 1954. Almost half a million dollars has been paid out since the fund was started.

Judgments against the fund are assigned to the state, and the person against whom the court action is brought is responsible for paying the amount of the judgment. This is guaranteed by a companion law, the safety responsibility statute, which provides that anyone failing to pay a judgment is deprived of his drivers' license until payment arrangements are made. So far, the fund has received \$1,392 from drivers against whom judgment has been filed.

A person against whom a judgment has been filed must provide proof of financial responsibility. The proof can be either a deposit of \$11,000 or the filing of a real estate mortgage bond or liability insurance.

Income for the fund comes from a special \$1 fee applied to motor vehicle license plate costs. The charge is made only when the fund's balance falls below \$100,000. So far the special levy has been applied in 1948 and 1953.

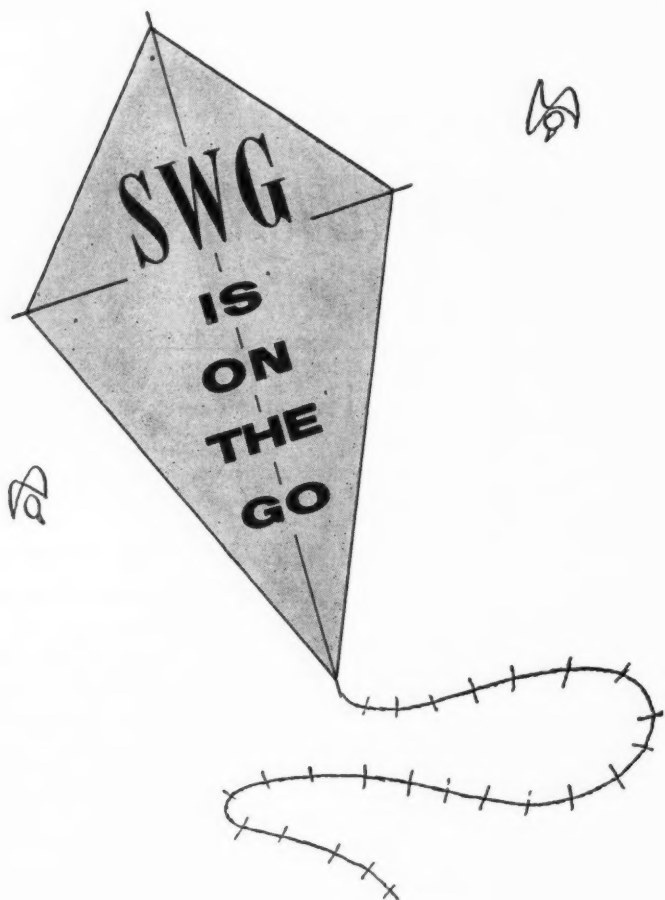
32 Insurance Students of SMU Go on Tour of Texas Department

Thirty-two insurance majors of the Southern Methodist University school of business visited the state capital to observe workings of the Texas insurance commission. Expenses for the bus trip from Dallas to Austin were borne by the Dallas Assn. of Insurance Agents.

The group was met at the capitol by the Dallas members of the legislature. Clearing house operations of fire and casualty policies in the Texas insurance commission were observed by the students.

The itinerary included visits to the board of insurance commissioners, the department of public safety and the industrial accident board. SMU faculty members accompanying the group were Frank Young, head of the insurance department, and Eugene Pierce, faculty assistant. The Dallas association was represented by President Charles E. Eversole and Executive Secretary Jack L. Curtis.





At SWG we're flying high over our sound and solid and rapid growth. But we're really down-to-earth with our new concept of multiple line insurance. That means faster, more efficient service for agents — and agents find sailing is smoother with SWG!

young enough to have new ideas
old enough to be proven sound



FIRE
CASUALTY
AUTOMOBILE
MARINE

Gibraltar Life Building, Dallas, Texas

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Chicago 6, Ill.

N. Y. Contingent Fees System Hit; Awards Are Ordered Returned

In an unusual action, Justice Hofstadter of New York supreme court ordered 24 attorneys and their clients to return \$100,000 paid in settlement of claims for personal injury damages to the trustees in the reorganization of the Third Avenue Transit Corp.

Though no insurers suffered losses as a result of the claims, the case is of particular interest to companies in that Justice Hofstadter sharply criticized the system of contingent fees in negligences. He said lawyers' fees in such cases should be fixed by the court, not by arrangement between clients and lawyers.

The injuries occurred between October, 1948, when a petition for reorganization of the transit corporation was filed, and June, 1949, when federal court granted the petition.

Justice Hofstadter said the lawyers and clients had received the money in good faith without knowing of the pending bankruptcy but it had to be returned because of provisions of the bankruptcy act pertaining to present fair equivalent value.

In urging a radical overhaul of the contingent fee system in accident cases, he said it now encourages ambulance chasing and unjust suits and skirts the periphery of fraud in raising claims and of perjury in their prosecution.

Justice Hofstadter also criticized some plaintiffs' physicians "who convert passing injury into a life vocation" and some insurance company doctors "who are steadfastly blind to all injuries they will not see."

Newhouse & Hawley Enter Life, A&S at Chicago

Newhouse & Hawley, representatives of London Lloyds, have expanded their activities to include a life and A&S unit. It represents Union Mutual Life as managers in Cook and Lake counties, Illinois.

The new department will be titled L. F. Hawley Agency and will be managed by M. E. Farris, vice-president and general manager. Its offices will be in the Bankers building, 105 West Adams street, Chicago.

Mr. Farris has been regional manager of Central Standard Life at the home office for two years. Previously he was manager at Chicago of American National, and is chairman of the insurance section of Chicago cancer drive.



M. E. Farris

Examiners Increase Surplus of Public National of Fla.

A convention examination of Public National of Miami has been completed by the states of Florida, Tennessee, Maryland, Illinois, Oklahoma and California. The examiners increased the surplus of Public National in the amount of \$86,237, so the latest statement shows a capital and surplus of \$1,091,647. Total assets are \$2,492,429. Public National is now licensed in 38 states and the District of Columbia.

Assessment Bill in Pa.

A bill has been introduced in the Pennsylvania house that would assess fire insurance companies, associations and exchanges doing business in the state \$1,000 each annually for a proposed police and firemen's insurance and rehabilitation fund, which would pay them \$10,000 for permanent disability or the same amount to a surviving spouse for an accidental death.

\$72,000 Fur Loss in K. C. Although Police Answer Alarm in Two Minutes

KANSAS CITY—A burglary fur loss, estimated at over \$72,000, was suffered last week by Gerhardt, The Furrier, Inc., in the suburban Plaza shopping area here. The burglary was a masterpiece of timing, the burglars making their haul and disappearing in the two minutes it took police to reach the store after an American District Telegraph alarm was set off. The loss was reported in the daily papers as covered by insurance.

Apparently a lock expert was part of the gang, because the lock in the door had been loosened without setting off the alarm. When the bandits opened the door, this set off the ADT alarm at 2:56 A.M. Another was set off one minute later by smashing a storeroom door. Two police patrol cars arrived at 2:58, but by that time the store was deserted and 103 mink, and ermine pieces, mostly coats, jackets and capes, were missing. Several other pieces were left on the floor, presumably dropped in a hasty departure.



Vacation travelers
need coverage under

HOME and TRAVEL THEFT

✓ When your clients leave home on a vacation there is double need for theft protection. Possessions they leave at home may not be there when they return. Things they take with them may attract the attention of burglar, robber or sneak thief.

✓ "Shelby" agents have found that it pays to be concerned about the possible theft loss for which a client should have insurance before he leaves on vacation. Suggesting such protection they consider a part of the service they owe a client. Providing the protection builds both agency income and goodwill.

THE **Shelby Mutual**
INSURANCE COMPANY OF SHELBY, OHIO



1954 Arkansas Fire Loss Ratio Hits 65%; Highest in 20 Years

LITTLE ROCK—The fire loss ratio in 1954 for some 237 members and subscribers of the Arkansas Inspection & Rating Bureau rose to 65%, written and paid basis, Walter Plangman, bureau manager said in his report before the annual meeting of the organization's board of governors last week. "It is a foregone conclusion that no reduction will be indicated when the loss experience is analyzed because the fire loss ratio for 1954 was the highest in more than 20 years," he stated. No statewide adjustment of fire rates, upward or downward, has been made since December, 1953, he pointed out, at which time the largest fire rate reduction in Arkansas history was made. Conversely, while the 1954 extended coverage experience was 25.34%, it will not alter the unfavorable record of the past 10 years, he said. Written fire premiums last year were \$14,294,253 with losses paid of \$9,291,675. EC premiums were \$6,112,724, with losses of \$1,549,212.

Commenting on the legislative fire rate investigation conducted last year by the Arkansas legislative council following public charges of "excessive rates" brought by former state senator John W. Cloer, Springdale, Mr. Plangman stated that incontrovertible evidence and testimony and exhibits were presented at hearings of the council committee on corporations, insurance, and banking, showing that the methods used by the bureau in adjusting rate levels were sound and realistic and that fire and extended coverage rates in Arkansas are not excessive.

"Not only the bureau but the companies and company officials were on trial at these hearings."

Mr. Plangman said, "It's a source of satisfaction that no criticism was found of any kind regarding the operations of the bureau. If the bureau is to remain free of politics, free of pressure to grant special favors, and to remain impartial to all members and subscribers, its leadership, control and supervision must be of the highest order. Unless the bureau remains impartial it cannot survive."

At a noon luncheon the bureau was host to its board of governors, Commissioner Combs and members of his staff, the officers and executive committee of the Arkansas Assn. of Insurance Agents, and Arkansas field men.

Speaking at the luncheon on the role of public relations in the fire industry, Frank W. Franzen, vice-president Loyalty group, chairman of the rating bureau's board of governors, said "the job of public relations is ever before us and cannot be relaxed for a single moment. Public relations effort which goes contrary to the public interest will violate the spirit of confidence and good will and can have but temporary success. It is of paramount importance that you and I constantly preach the good of our industry, and I assure you that we have much good to talk about."

"Public relations is more than publicity or advertising," he continued. It represents the development of a point of view, or what might be called an attitude, which places special emphasis on relations with the public and places the public interests in the forefront of its considerations. We can and should

acquaint the public as to how the insurance industry is constantly providing facilities to care for the ever expanding needs of our growing economy. Within our industry we have a vast pool of knowledge of intelligent application that can be put forth with distinct advantage if only agents, company officers and employees will work together. Our interests are not divided," he commented.

He said that during the past year the Arkansas legislative council completed two full scale hearings on rates and rating methods and found no criticism of the companies' operations. "This is not only an endorsement of the rating organization but also pays a distinct compliment to the Arkansas insurance department which has done a good job in its supervision of the companies' activities in this state," he said. "Commissioner Combs and his staff can well be proud of this fine record."

Also on the noonday program was A. Roy Atwood, president of the Arkansas State Fire Prevention Assn., Little Rock, who summarized the 1954-55 activities of his organization, stating that in five town inspection campaigns

of the past year, association inspectors had made recommendations for the correction of over 2700 fire hazards in Arkansas. Past President Wayne Bowen, also of Little Rock, who headed the association in 1953-54, was presented the association's past president's award by Mr. Franzen.

The luncheon meeting was concluded with the showing of "How We Rate", the new public relations film recently released by the public relations department of Western Underwriters Assn.

New members appointed to the bureau's executive committee are Rufus Cates, Hartford Fire; Robert P. Taylor, Bird, Lange & Maris, general agents, and William Painter, Royal-Liverpool. They replace W. R. Smith of W. R. Smith & Co., general agency; E. M. Gazette, American; and H. P. McCarroll, Southwest Casualty.

Other members of the executive committee renamed are: Ross McCain Jr., chairman, Phoenix of Hartford; A. M. Anderson, Anderson & Newell general agency, vice-chairman; J. K. Shepherd & Co. general agency; C. C.

Collie, L. B. Leigh & Co. general agency; Knox Oates, Home of New York and C. D. Swan, Springfield Fire & Marine.

Western Surety in New Offices at Chicago

The Chicago branch of the Western Surety of Sioux Falls has moved to considerably larger quarters at 39 South La Salle street. The new offices are air conditioned and modern in every detail and are designed to improve its service to the agencies it serves in Illinois, Indiana, Wisconsin, Ohio, Michigan and Kentucky. The Chicago office was opened in 1941. Robert S. Westfall is vice-president in charge and John J. Schmidt is production manager. The branch has a staff of 30 people including field men.

Travelers Split Moves

The Connecticut house has passed and sent to the governor a bill permitting a 20 to 1 stock split by Travelers.

Constellation of New York, Nordisk Reinsurance and New Rotterdam have been licensed in Texas.



The windstorm season is at hand.

Agents who know the value of proper TIMING in sales work are now advising clients that Central Surety's ADDITIONAL EXTENDED COVERAGE and ALL PHYSICAL LOSS forms are available for attachment to Central Surety FIRE policies. The need, if overlooked, sometimes leads to tragic conditions.

NOW — and any time — a discussion of Fire Insurance should naturally include the checking of INSURANCE to VALUE.

CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE KANSAS CITY, MISSOURI

York Heads Marine Underwriters Assn.

Miles F. York, president of Atlantic Mutual, was elected president of Assn. of Marine Underwriters of the U. S. at the annual meeting in New York City. William A. Bonner, retiring president, in his annual report stressed the activities of the association in support of the principle of freedom of marine insurance.

Other officers are Harold Jackson,

president of William H. McGee & Co., Owen E. Barker, president of Appleton & Cox, vice-presidents; Louis W. Niggeman, vice-president of Fireman's Fund, Pacific Coast vice-president; and Emil A. Kratovil, president of Carpenter & Baker, treasurer. Carl E. McDowell is executive vice-president and Edward R. King is assistant secretary.

Mr. Bonner reviewed the current and past status of the problem of freedom of marine insurance, pointing out that

before the second world war there was little if any interference by governments with the placing of marine insurance. But during the post-war period, many countries have enacted restrictive laws, decrees and statutes which interfere with this freedom of the international trader and have forced him into a position in many trades where he is required by law to arrange his insurance in specific markets, frequently at higher cost and with unknown security.

He assured the members that the program of opposition will continue and said he was convinced that it is inevitable that the weight of international public opinion and the desire for freer trade will, in time, force a downward trend in the number and scope of such regulations.

Mr. Niggeman, as the Pacific Coast vice-president, holds an office newly created to provide a first hand approach to the views of members on the coast on matters the association is discussing.

AIU Transfers Williams

Rhys E. Williams, who has been American International Underwriters representative in the Middle East the past five and a half years, has been named manager of the casualty claims division in New York City. Before going to Beirut with AIU, he was with Norwich Union Indemnity for 12 years and was secretary of Neale Phipps general agency at Cleveland.

Fire Association Names Daum Secretary at N. Y.

Richard W. Daum, who has been assistant manager of Fire Association's New York office, was elected a secretary at the annual meeting and will remain at New York. All other officers were re-elected.

Mr. Daum entered insurance in New York in 1924 and before joining Fire Association in 1945 was with Northern Assurance group supervising production activities.

N. Y. Court Upholds WC Rating of Caterer Risks

Workmen's compensation insurance rating board may set up a separate classification for caterers for rating purposes, the appellate division of the supreme court of New York, first department, has ruled. Its decision upheld a four-year-old determination that the rating organization filing setting up the separate classification and rates for caterers is reasonable.

The Brooklyn Caterers' Assn. and the New York Caterers & Trade Assn. unsuccessfully attacked the filing at the time it was made and later argued in the appellate division that the rating board's action was unfairly discriminatory. They contended the board should continue to classify their members as restaurateurs.

WC rates under the caterer classification are higher than those for restaurateurs because of poorer experience.



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Rocky Mountain Assigned Risk Plans Report

Reports on the 1954 experience of automobile assigned risk plans for Colorado, New Mexico and Wyoming have been distributed to members by Manager R. G. Shurtleff.

In Colorado, the 210 subscribing companies received 6,442 applications, of which 4,095 were new and 2,347 were renewal. Companies issued and accepted 3,794 policies on new assignments and 2,046 on renewal. The plan rejected 119 applications for cause, and insurers rejected 118. There were 442 policies not taken by applicants. During the year there were 74 appeals to the governing committee, and 44 of these were overruled and 28 sustained. Net premiums collected last year on Colorado assigned risks were \$258,887, and the three leading insurers in the number of risks assigned and written, in order, were Farmers Exchange of Los Angeles, State Farm and Colorado Farm Mutual Casualty.

The 182 subscribing companies in New Mexico handled 1,546 applications, of which 1,027 were new and 519 were renewal. A total of 1,422 policies were issued, 965 new assignments and 457 on renewal. There were 20 applications rejected by the plan and 7 by insurers, and 119 not taken. During the year the governing committee handled 11 appeals, rejecting four and sustaining seven. New Mexico plan members collected \$65,836 in assigned risk business with the leading companies, in order, being Farmers Exchange, State Farm, with Hartford Accident and General of Seattle each handling the same number.

In Wyoming, the 179 subscribing companies received 2,173 applications under the plan, of which 1,214 were new and 959 renewal. Insurers issued 1,122 policies on new assignments and 767 on renewal, a total of 1,889. The plan rejected 54 applications and the insurers 50, and 188 policies were not taken. There were 13 appeals to the governing committee, of which nine were rejected and four sustained.

Net assigned risk premiums collected in 1954 were \$81,704, with the leading insurers in number of risks being State Farm, Hawkeye-Security and Farmers Exchange.

Hartford Steam Boiler Salary Plan is Upheld

Hartford Steam Boiler's salary plan for more than 600 of its inspectors may be retained under a ruling made by federal court at Hartford following action instigated by the Department of Labor which had sought an injunction against the plan claiming it was illegal under the fair labor standards act.

The salary plan pays a fixed salary up to 40 hours and further guarantees payment of time-and-one-half rates for each hour in excess of 40 up to 60 hours per week, regardless of how many hours the employee works in any week. Any time worked over 60 hours is compensated for at a straight time and one-half rate.

The labor department claimed the plan was illegal because no proof was presented that the inspectors worked in a substantial number of weeks in excess of the 60-hour limitation, which it said was necessary in the case of such salary arrangements.

Afco to Conduct Panels

Meetings for field representatives of its subscribers will be conducted by Afco at the Dinkler-Plaza hotel in

Atlanta, May 9 and the Lord Baltimore hotel in Baltimore May 16. David Gray, assistant to the vice-president, will preside at panel discussions on the production value of Afco's budget plans.

Western Adjustment Listing Wrong in Detroit Directory

A transposition of figures occurred in the Detroit address of Western Adjustment in the recently published Detroit Insurance Telephone Directory. The correct address is 13432 East McNichols road, Detroit 5, Mich.

Ariz. Oks Dwelling Policy

The Arizona department has approved, effective April 25, the comprehensive dwelling policy filing as recommended by Interbureau Insurance Advisory Group. The policy is now available in 36 states and District of Columbia.

Underwriters Hear Brewster

William H. Brewster, manager of the automobile department of National Bureau, discussed the revision of the auto policy before Automobile Underwriters Club of New York.

Adequate Fidelity Coverage Suggested to Protect Employer

Fidelity bond coverage adequate enough to fully protect the financial interest of the employer was suggested as the proper solution to the problem of employee dishonesty by Peter A. Zimmerman, assistant secretary of Surety Association, before New York Credit & Financial Management Assn.

He said the credit man, despite his wealth of information as to the financial position of a potential customer, still cannot be certain of the client's true status because of possible concealed depredation of a dishonest employee.

The higher the embezzlement figure, the longer the business man must work without profit to make up the loss, if the erring employee had not been bonded. The average business firm realizes a net profit of 2% on its sales, and an embezzlement of \$1,000, for instance, requires sales of \$50,000 in merchandise without profit to make up for the embezzled funds.

In the event of such an unbonded loss, Mr. Zimmermann said, the credit man will discover that the firm is changing over from what appeared to be a sound credit risk into a problem account, and therefore the importance of adequate fidelity coverage to maintain the firm as a sound and solvent customer. Regardless of the amount involved in an embezzlement or the motive behind it, in each instance the loss would have been prevented, minimized or covered in full had the employer carried a 3-D policy.

Courtney Evans, chief of the accounting and fraud section of the FBI, also described the ramifications of commercial crime which, he noted, is on the increase. He called for more alert and realistic methods of coping with its activities. Wallace Jeffrey of Marsh & McLennan, chairman of the insurance committee of the association, arranged the forum. Arthur J. Hand of U.S.F. & G., was chairman of the luncheon forum subcommittee.

Wilfred D. Gillen, president of Bell Telephone Co. of Pennsylvania, has been elected a director of Fire Association, Reliance and Eureka Casualty.

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EDITORIAL COMMENT

Significance of Farm Bureau-Hecht Move

No one interested in the American agency system should underestimate the importance of the recent announcement that the Hecht Co. department stores in Washington, D. C., Silver Spring, Md., and Arlington, Va., will establish counters in their stores at which automobile, fire, life and A&H insurance in the Farm Bureau companies of Columbus will be sold.

Even though the arrangement should be abandoned by the Hecht Co. in response to local insurance men's protests, as indicated in last week's issue, the significance of what Farm Bureau is doing should not be discounted, for it has indicated that the Hecht arrangement was to be merely the first of similar facilities in other cities—where local insurance pressure might or might not be strong enough to head them off.

This is a formidable type of competition for the orthodox local agent. Fire and life agents in Washington are aroused about it. That it can be made a successful sales operation has already been demonstrated by the huge writings of Allstate in the Sears, Roebuck stores. It is insurance marketing competition that cannot be surmounted by local agents with scornful references, by calling it "department store insurance", or by commenting on it with sarcasm and contempt. It is a situation that cannot be met and solved merely by derogatory remarks.

Facing the facts squarely, it will be realized that what Allstate has accomplished through its counters in the Sears, Roebuck stores and what may very probably happen when the Farm Bureau department store plan with the Hecht Co. gets under way is through displays located at strategic points in department stores, to bring insurance prominently before thousands of people every day who otherwise would not be thinking about any form of insurance coverage.

There is no similar way in which the local agent can do the same thing. As is very well known, the average man certainly does not look up or seek out a local agent unless he is in trouble or in definite need of specific protection. He certainly doesn't do it when he is not even thinking about insurance.

But everyone knows that those who stroll through department stores are not necessarily in a particular store to make a purchase that has been decided

upon in advance. Many are "just looking". They walk from one counter to another, seeing what is on display. Anyone in a department store who follows this procedure for any length of time is quite likely to make a purchase or too that he did not plan or even think about at the time he entered the store.

Department store managers are only too well aware of this, and that is why they go to such lengths to have attractive, eye-filling displays. They want the customer to stop, look and buy at as many counters as possible. Thus, without necessarily making personal calls, the department stores are bringing their wares to the public in a way that is impossible for the regular local agent.

This is a very different thing from a mail-order operation or one in which the public is expected to call at the branch office of an insurance company or on a local agent. It is even very different from the usual non-agency company which has salaried representatives making personal calls. Anyone making a personal call has to establish himself, the company he represents, and the prospect's need for what he is trying to sell. In a high percentage of cases he is unable to get what is referred to in selling circles as an interview under favorable circumstances.

But anyone who walks up to a counter in a department store to ask about any kind of merchandise becomes a potential and better-than-average prospect the moment he makes an inquiry.

It is not an exaggeration to say that such a situation is comparable to the prospect walking into a local agent's office to ask about some form of insurance coverage. The success of the Allstate operation makes it impossible to believe that it will be discontinued.

How agency companies and their local agents can maintain their position and their incomes by successfully meeting this type of competition is something that would take more space than can be given in this issue. It will be considered on another occasion. Our purpose here is to focus and pose the problem, and to make clear to all of those involved that there is no longer a choice; that ways and means must be devised to meet this spreading type of competition that is apparently underestimated by most of those in the

business who have talked about or written about it thus far.

PERSONALS

John W. Tierney, head of public relations of Travelers, is resigning to become special assistant to U. S. Sen. Purtell (R), Conn. He previously served as press secretary to former Gov. Lodge.

William J. Pyle of Pyle & Pyle agency of Iuka, Miss., was named president of Shiloh Park Citizens Assn. at a meeting at Savannah, Tenn.

Henry F. Schricker, president of Wabash Fire & Casualty of Indianapolis and former governor of Indiana, is the chairman of the \$300,000 campaign of Indiana Assn. for Mental Health.

Ray B. Duboc, chairman of Western Group of Kansas, is now in Europe on a trip with Mrs. Duboc. They will return to America about June 10 after a three month sojourn abroad.

Donald Jackson of Jackson agency, Toledo, has been elected to the board of Toledo Better Business Bureau.

Maurice Hartson, local agent of New Orleans, is on a trip to Europe.

Henry Hallam, for many years Washington correspondent for THE NATIONAL UNDERWRITER, and Mrs. Hallam were hosts at a 50th wedding anniversary reception at the National Press Club Tuesday. Many prominent insurance people were among the guests. Paul Wooton, well-known business publications correspondent, read greetings from friends and business associates.

Neil L. Toedman, local agent of Yates Center, Kan., has been named director of revenue for Kansas commission of revenue and taxation. Mr. Toedman has agencies also in Topeka and Kansas City Kan.

Mozelle Steen, administrative assistant to casualty commissioner Byron Saunders of Texas, was married early this month to **Hollis Danvers**, Dallas agent and past president of Texas Assn. of Insurance Agents.

R. L. Klein of the American Mutual Alliance staff at Chicago provided an involuntary argument for burglary insurance at the American Mutual Alliance educational forum at Kansas City last week. A short time before C. A. Wiborg, burglary manager Lumbermen's Mutual Casualty, began his discussion of that subject, entitled "Crime Pays", Mr. Klein learned that his home in Chicago had been ransacked during the previous night. Mrs. Klein had

been staying with her parents during Mr. Klein's absence and the loss was apparently discovered by neighbors. Mr. Klein had insurance and hoped it would prove adequate.

DEATHS

GEORGE T. OMOHUNDRO, 84, president of Albemarle Home Mutual Fire of White Hall, Va., died at his Scottsville home. He was commissioner of revenue of Albemarle county for 28 years and from 1938 to 1944 was clerk of the appropriations committee of the general assembly.

LESLIE C. GRAY, 75, retired chairman of Millers National and Illinois Fire, died at a nursing home at Kansas City, Kan. Mr. Gray entered insurance in 1892 at Salina, Kan., as a clerk. In 1905 he joined Springfield F. & M. in



LESLIE C. GRAY

the Missouri field with headquarters at Kansas City. From 1924 until 1939 he was manager of the southwestern department of the Mill Mutuals, in the latter year being elected non-resident president of Millers National. He had been a director of Millers National since 1935. In those days the executive officer of Millers National was the secretary and the president was active only on the executive committee. Mr. Gray in 1944 was elected chairman of Millers National and Illinois Fire, maintaining his residence in Kansas City.

FREDERICK J. BREEN, 67, former secretary of National Union and National Indemnity and vice-president and director of Birmingham Fire of Pennsylvania, died at a New Brun-

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wick, N. J., hospital. He had retired in 1953. He entered insurance with Home Life of New York and a year and one-half later joined the main office staff of National Board, which he served for more than 20 years. He joined National Union group in 1927 and was elected secretary of the companies in 1928.

MISS CATHERIN C. GARRETT, 60, who owned and operated the Garrett agency at Leesburg, Va., died of a heart attack in her home there. She had been in the insurance business since 1919 when she inherited the agency founded by her father, W. Frank Garrett. Miss Garrett was a past vice-president of Virginia Assn. of Insurance Agents, and served at one time on the membership committee of the National association. Miss Garrett's will provided that George P. Hammerly, who had been associated with her since 1945, would take over the agency and continue to operate it as Garrett Insurance Agency.

WILLIAM J. PATTERSON, 62, vice-president of Youngberg-Carlson agency, Chicago, died there of a heart attack in his home in Wilmette. He had been with Youngberg-Carlson 28 years, going with the agency as an engineer and manager of the fire underwriting department, which post he held until his death. He was made a vice-president some years ago. Mr. Patterson was also for several years with the Chicago Board.

RAYMOND R. LOGGER, 38, regional claims manager at St. Louis for Michigan Mutual Liability, died of leukemia. He was a past president of St. Louis Claim Managers Council.

EDWIN C. EDMUNDS, a founder and chairman of Fidelity H. & A. Mutual of Benton Harbor, Mich., died at age 80. Mr. Edmunds helped organize the mutual company now known as Fidelity in 1930. He was elected president in 1937 and chairman in 1946. A son, Rex Edmunds, is now president of Fidelity.

CLARENCE J. LOW, 50, chief examiner at Chicago for Phoenix of pany for 34 years, died after a long illness.

MRS. ALICE LEE CHUBB, wife of Hendon Chubb, chairman of Federal and senior partner in Chubb & Son, died at home at West Orange, N. J.

AYLETT T. GODDIN, 76, a partner in Goddin, Goodridge & Robertson agency of Richmond, Va., died at a hospital there.

GEORGE FEIDNER, 30, treasurer of J. L. Blaney & Co., Buffalo, N. Y., agency, died at a Buffalo hospital.

J. VERNON BROCK, who operated the Brock agency at Beaumont, Tex., died.

Name Ruth Wade Director at Region VIII Meeting

Thirty-eight delegates of region VIII of National Assn. of Insurance Women attended the annual regional meeting at Phoenix, electing Ruth Wade of Phoenix as regional director to succeed Ann K. Meussner of Seattle.

A bid from San Diego for the 1956 regional convention was tentatively accepted.

Ernest W. McFarland, governor of Arizona, opened the first business session with a welcoming address. A banquet was held in honor of Insurance Director Bushnell who was present with his deputy, Gordon Shoaf. Miss Kay M. Lavin of St. Louis, national president, attended the sessions.

Four Underwriters Laboratories Directors Are Honored

At the annual meeting of Underwriters Laboratories last week in Chicago, J. C. Harding, F. W. Koeckert, W. E. Mallileau and A. F. Powrie were elected honorary members of the board of trustees. E. A. Henne, vice-president and western manager of America Fore, was elected chairman replacing Mr. handling with dispatch the prevailing elected. The officers of Underwriters Laboratories were reelected.

The new honorary trustees all served for many years on the board of Underwriters Laboratories. Mr. Harding, who is retired executive vice-president and western manager of Springfield F. & M., had been chairman since 1915. Mr. Koeckert, retired U. S. manager of Commercial Union, was a member of the board since 1932; Mr. Mallileau, retired general manager of the National Board, was a board member since 1913, and Mr. Powrie, retired vice-president and western manager of Fire Association, was on the board since 1940.

The new board members are Paul H. Barr, vice-president and western manager of Hanover; Kenneth E. Black, president of Home; H. W. Miller, U. S. manager of Commercial Union; John A. North, president of Phoenix of Hartford; C. W. Ohlsen, western manager of Sun, and W. A. Rattelman, president of National Union.

Curtis R. Welborn is president of the Laboratories. His staff consists of M. M. Brandon, vice-president; W. S.

Austin, secretary, and H. F. Duncan, treasurer.

The annual report of Underwriters Laboratories states that the year began with 3,376 assignments scheduled for tests, while 12,593 new assignments were opened and 12,331 were closed during the 12-month period. Despite the fact that two additional testing stations were opened at Northbrook, Ill., and Santa Clara, Cal., more space is needed at New York and Chicago for handling with dispatch the prevailing volume of work. Planning is under way for future expansion.

After the laboratories investigate and test products, they are listed under one of three forms of follow-up service: Label, reexamination or inspection. Engineers and inspectors supervise listed products to ascertain continued conformity with the original basis of acceptance, and these services are in operation in approximately 6,000 factories and require more than 120,000 inspections annually.

Labels delivered to subscribers during 1954 were within 1½% of the all-time high of 1953.

The laboratories closed the year with 809 full-time employees.

Vt. Passes Automobile Self Insurance Bill

Vermont has passed a bill permitting self-insurance for motor vehicle liability in lieu of an insurance policy or a surety bond if the owner can prove he has net unencumbered capital of at least \$100,000. Certificates of self-insurance will be issued by the commissioner of motor vehicles, at his discretion, upon application of the owner. The law becomes effective June 1. The bill was sponsored by Self-Insurers Assn.

Fire Losses Up 4% in U.S. in March

For the second consecutive month, estimated fire losses in the United States showed an increase as the total for March was estimated by National Board at \$88,197,000, compared to \$84,821,000 in the same month last year.

The March increase amounted to 4%. February losses this year were \$85,046,000, compared to \$78,928,000 in February last year, an increase of 10.7%. Losses for the first quarter of 1955 totaled \$248,508,000, against \$250,242,000, a .07% increase.

Losses for the first three months of 1955 and the two preceding years are:

	1955	1954	1953
January	\$75,285,000	\$68,493,000	\$76,859,000
February	\$85,046,000	\$73,928,000	\$72,706,000
March	\$88,197,000	\$84,821,000	\$83,471,000
Totals	\$248,508,000	\$250,242,000	\$232,836,000

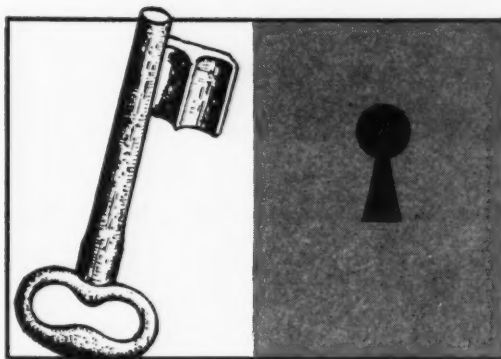
Haight Is Appointed New N. Y. State Deputy

Attorney Alfred W. Haight of Syracuse has been named a deputy superintendent of insurance of New York state at \$13,000 a year.

He is a lecturer on law at Syracuse university, where he received his law degree in 1936 and has been engaged in general practice, including claims, litigation and estate work in connection with insurance matters.

Mr. Haight, a veteran of the second world war, is a lieutenant colonel in the army reserve and is active in civic affairs. From 1946 to 1952 he was research clerk to Supreme Court Justice McCurn and in 1952 served as a municipal court judge. A former president of the Syracuse common council, he was the Democratic candidate for mayor in 1953.

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Bond Producers to Meet May 2-4 at N. Y.

Representatives from the surety, construction, legal and credit fields will be among the speakers at the annual meeting of National Assn. of Surety Bond Producers May 2-4 at the Waldorf Astoria hotel, New York City.

The first day's agenda will include reports by Speed Warner of Kansas City, association president; H. Phelps Smith of Nashville, executive director; Glenn E. Wilkerson of Detroit on the inter-agency relations committee; Carl Dauksch of Columbus, O., on captive agencies and R. Lewis Patton of Charlotte, N. C., on membership.

Speakers May 3 and their topics are as follows: Warren N. Gaffney, general manager of Surety Assn. of America, on construction trends and suretyship services; T. L. Sedwick, vice-president of Standard Accident, Detroit, sub-contract bonds; James J. Lucy of Lucy & McNiece agency, New York, payment bonds guarantee construction credits; George C. Koss of Des Moines, president of Associated General Contractors of America, the outlook facing the construction industry; Roy A. Foulke, vice-president of Dun & Bradstreet, New York, business conditions and credit, and William Gillette, president of producers council, Detroit, the problem of retained percentages.

On the closing day, May 4, C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, will present a view of current surety problems, and Edward H. Cushman of Philadelphia, NASBP general counsel, will sum up legal developments. The report of the conference committee by Morris Moughon of Nashville, will be followed by an open discussion on the problems or general objectives to be emphasized during the ensuing year. Additional committee reports and election of officers will wind up the meeting.

N. Y. Hotel Liability Bill Vetoes

Gov. Harriman of New York has vetoed a bill that would have amended the general business law to increase from \$100 to \$250 the maximum liability of a hotel keeper for loss of personal property by a guest elsewhere than from a hotel room, safe or storage room.

Education Directors To Meet at Rye May 18-20

A report on how to attract desirable talent into insurance will be presented by Prof. Rossall J. Johnson of Northwestern University at the annual meeting of Insurance Company Education Directors Society, to be held at Rye, N. Y., May 18-20. John M. Breen of the Kemper companies, president of the society, and M. J. Pierce of Standard Accident are in charge of arrangements.

In addition to Professor Johnson, speakers will include Donald Hyer of Mutual Life of New York, Robert D. Loken, assistant to the publisher of Life magazine, Dr. W. A. Eggert, chief psychologist for the Kemper group, and Walter V. Clarke of Walter V. Clarke Associates.

A highlight of the meeting will be reports on training programs of especial value for small companies and a report on a survey, conducted recently to determine company plans for subsidizing employee education.

Set Card for Mutual Casualty Conference

A panel discussion on effective claims service will be a feature of a claim conference to be sponsored by Conference of Mutual Casualty Companies at Chicago May 12-13. Arrangements are under the direction of President Berthold Woodhams of Citizens Mutual Automobile and R. G. Chilcott of Farm Bureau Mutual Automobile, chairman of the conference claim committee.

Participants in the panel will be Ralph G. McCallum, general manager of National Assn. of Independent Insurance Adjusters; Roy H. Lovell, supervisor of material damage training of Farm Bureau Mutual Automobile and Howard B. Lang Jr., vice-president of M.F.A.

Also scheduled are talks by Attorney Truman B. Rucker, Tulsa; Dick Carlson, management consultant of New York City, and Edward H. Schroeder, vice-president of Allstate, and a claim arbitration agreement meeting, with Chairman Charles H. Halsey of American Farmers Mutual and Vice-chairman Rand W. Taylor of Michigan Mutual Auto in charge.

Pan American Companies Name Charles Henderson

Charles E. Henderson has been named district production manager for the Pan American companies of Houston. Mr. Henderson will service Houston and the south Texas area. He has been with the companies as claims manager in the Houston area since 1949.

N. H. FR Increase Signed

Gov. Dwinell of New Hampshire has signed into law, effective Oct. 15, a bill increasing the amount of liability insurance required under the financial responsibility law from 5/10/1 to 10/20/5 and which gives the motor vehicle commissioner authority to lift the increased insurance requirement after seven years of driving without a second mishap or any motor vehicle law violations.

Mabry Joins General Agency

D. E. Mabry has joined Godchaux & Mayer general agency of New Orleans as special agent for casualty and surety. He is a graduate of the University of Wisconsin and has had company experience.

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Phoenix of London Promotes Swezey to Los Angeles Manager

Phoenix of London has named L. Rhys Swezey Jr. manager at Los Angeles and Grover T. Christopher, formerly manager of the bond department, superintendent of agents there.

Mr. Swezey, who will be under the supervision of J. S. Sheppard, vice-president of Pacific Coast operations, succeeds Lew Miller, who for reasons of health is at his own request relinquishing managerial duties to serve in a field capacity.

Mr. Swezey has served the group in the underwriting and claims departments at San Francisco, as special agent there, manager at Oakland and assistant manager at Los Angeles, a post he held from 1954.

N. Y. Bar Assn. Plans Panel on Insurance

Insurance Superintendent Holz of New York will moderate a panel on what's happening in the insurance business at a forum sponsored by the committee on insurance law of the Assn. of the Bar of the City of New York at its headquarters May 12.

All phases of insurance except life and A&H will be discussed by the panel which is comprised of H. Clay Johnson, executive vice-president and general counsel of Royal-Liverpool group, representing the capital stock company interests; Joseph A. Neumann of Jamaica, N.Y., president of National Assn. of Insurance Agents, representing the independent local agents; Henry S. Moser, general counsel of Allstate, speaking for the independent companies; Franklin J. Marryott, vice-president and general counsel of Liberty Mutual, representing the mutuals, and Monroe Maltby, vice-president of Johnson & Higgins, who will speak for the brokers.

Public Adjusters Meeting

Insurance legislation and problems faced by members will be taken up at the annual meeting of National Assn. of Public Insurance Adjusters at Concord hotel, Kiamesha Lake, N. Y., June 26-29.

James S. Nellis, partner with his father in an agency at Topeka, Kan., has been named chairman of the first multiple sclerosis chapter organized in the city. Mr. Nellis is vice-president of the Topeka agents' association.

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ACCIDENT AND HEALTH

Two More A&H Insurers Deny FTC Jurisdiction

The state of Illinois and not the federal trade commission has jurisdiction over the business of Sterling of Chicago, the company contends in its answer to FTC charges of false advertising of A&H policies. Secondary jurisdiction over its business lies in the other states in which it is licensed, the company stated and "therefore the FTC is without jurisdiction of the subject-matter of this complaint".

The complaint, dated last Dec. 28, charges the company with making certain statements concerning policy benefits which misrepresented the extent of the benefits. The company denies that these statements are false and misleading, that such statements have misled "a substantial portion of the purchasing public", or have induced them to purchase policies because of an erroneous or mistaken belief about the coverage.

National Casualty, answering a similar FTC complaint, denied the commission's jurisdiction on the grounds that it is regulated by Michigan and the company contended it did not misrepresent the extent of policy benefits in its advertising. It is asking dismissal of the complaint.

Elect Anderson President

Harry Anderson, Occidental of California, is the new president of A & H Producers Assn. of Los Angeles. Other officers are Jack Kosick, Washington National, 1st vice-president; Richard Dutweiler, National Casualty, 2nd vice-president, and Frances Sandidge, Paul Revere Life, secretary.

Akron Blue Cross Rates Up

An overall increase of 4.3% in the rates of Akron Hospital Service Assn. (Blue Cross) has been approved by the Ohio department. The change will boost annual premiums approximately \$250,000.

A rate increase originally sought

for limited group contracts was not obtained. There was a 60-cent a month increase on the 70-day comprehensive plan, and a 30-cent raise on the 120-day comprehensive contract. Also approved were increases of 10 cents a month on single and 20 cents on family for all direct payment contracts.

August Pryatel, deputy superintendent of insurance, warned about the danger of spiraling hospital costs and told the organization it should take steps immediately "to audit costs of hospitals to impress upon doctors to authorize hospital admittance only when facts warrant it and to initiate studies to keep costs down."

New Conference Member

Municipal of Chicago has joined Health & Accident Underwriters Conference.

Insurer's Conversion Upheld

Superior Court Judge Paul of North Carolina has upheld an order of Commissioner Gold approving conversion of State Hospital Association, Inc., of Tarboro from a hospital and medical service corporation into a stock A&H company.

Start Wis. A & H Membership Drive

A breakfast meeting served as the kick-off for Membership Monday of A & H Underwriters of Milwaukee. Procedure followed that outlined by the International association and Thomas Callahan, Time, chairman of the International board, was in charge. Madison, Eau Claire and other Wisconsin cities participated, with Charles H. Gilbert, Woodmen Accident & Life, Madison, Wisconsin association president, directing the statewide effort.

Instruct Local Officers in Tex.

Texas Assn. of A & H Underwriters held an indoctrination meeting for newly elected local association officers at Austin.

Talks were made by R. L. McMillon, Business Men's Assurance, Abilene,

president of the association; Frank Gordon, Murray agency, Houston, and C. E. McDonald, International Fidelity, Dallas.

Oklahoma City A&H Assn. Elects Costello

Oklahoma City A & H Assn. elected Thomas R. Costello of Washington National president at the April meeting. He succeeds Keith Skelly of Lincoln National. Others elected are Miss Corrine Breeding, Pacific Mutual Life, vice-president and M. C. Duncan, Bankers Security Life, secretary-treasurer.

Bryan Johnson, general agent for Business Men's Assurance, gave a talk on the most effective sales presentation adopted by his company.

Card Ready for Los Angeles A&H Sales Rally May 6

Los Angeles A & H Managers Club, which will hold its annual sales congress May 6, will be addressed at the luncheon by William G. Coursey, managing director of International Assn. of A & H Underwriters.

Other speakers include Walter G. Gastil, Connecticut General; Jeff Bramcom, Washington National, and Walter F. Schmitz, Occidental of California.

S. C. Slates A&H Probe

A concurrent resolution has been introduced in South Carolina calling for the appointment of a 6-member committee to investigate A&H practices, including policy provisions, cancellation and selling procedures, rates and settlement practices of companies writing A&H in the state.

Extends Polio Coverage

Farm Bureau Mutual Automobile of Columbus is now making its two-year polio policy available for three years at the same \$10 premium. The company is raising the benefits to pay all expenses up to \$10,000 instead of up to \$5,000 plus 8% of the next \$5,000.

Chicago A&H Anniversary

Chicago A&H Assn. will hold its 30th annual dinner meeting May 19 at the La Salle hotel. Cocktails will precede the dinner and there will be professional entertainment.

Blasts 'Small Print' Myth

In a newly published illustrated booklet, Aetna Life attacks the myth that "small print" is used for listing exclusions in accident policies. The folder declares that exclusions and benefits in Aetna Life policies are printed in readable type of identical size. Exclusions in accident policies are based upon experience and, without them, the cost of insurance would be higher, the booklet says.

House Committee Favors U. S. Postal Bonding Bill

WASHINGTON—An amended bill authorizing government purchase of bonds for postal workers and mail clerks in the armed services was reported favorably by the House post office and civil service committee. Premiums on bonds to be purchased would cover periods of not more than four years.

Government purchase of bonds for post office contractors was eliminated from the bill as recommended by Assn. of Casualty & Surety Companies. However, the government pays indirectly for such bonds as part of the contract price or compensation under the contract.

The association had also opposed including the service mail clerks in the bill.

La. Agents Schedule Annual May 5-7 at Edgewater Park, Miss.

Louisiana Assn. of Insurance Agents, which will hold its annual meeting May 5-7 at Edgewater Gulf hotel, Edgewater Park, Miss., will open its first general assembly Thursday afternoon.

The program will include the naming of nominating committee members, appointment of a resolutions committee and the showing of a film, "This is Your Bureau," furnished by General Adjustment Bureau.

Charles W. Blackstock, president of Capital Stock Fire Insurance Assn. of Louisiana, will give the response to President Gibson Stevenson's address of welcome. The annual get-together will be held the first night in the hotel's ballroom.

The second day's program will include a report by Mr. Gibson, an address by Joseph A. Neumann of Jamaica, N. Y., president of National Assn. of Insurance Agents, and a panel on public relations. Participants will be Alwin E. Bulau, assistant secretary of Home, Harris Holland of Julian B. Hopkins agency of Columbus, Miss., Dwight P. Ely, advertising director of Ohio Farmers Companies, and Robert McFarland of South-Eastern Underwriters Assn. Arthur M. O'Connell, vice-president of Thomas E. Wood Inc., of Cincinnati, will be moderator.

Also, a discussion on modern office methods designed to reduce overhead costs, conducted by Louisiana members of Deep South chapter of CPCU, a golf tournament sponsored by Herman Egloff of Employers group and a dance that night. Events have also been scheduled that day for the ladies.

Reports will be given Saturday morning by A. L. Schlesinger Jr., chairman of property insurance committee; Roscoe A. Bolton, chairman of George Menefee, chairman of casualty and surety division. James C. Kraus, chairman of the TIS governing committee of New Orleans will speak on trained insurance specialists in action.

The afternoon program will include reports by the following chairmen: George M. Howard of the education committee, Phil Jacobs of the public relations committee and Jack Marshall of the fire and accident prevention committee. New officers and executive committee members will be introduced and the resolutions committee will report.

The convention will end Saturday night with the president's reception and a buffet. Golf tourney winners will receive prizes at the dinner.

N. C. Self-Insurance Fund for Schools Hit

North Carolina's self-insurance fund for public schools was termed as unsound by W. A. Stringfellow of Raleigh, executive secretary of North Carolina Assn. of Mutual Insurance Agents, in an appearance before the house education committee.

He said the fund now has assets of \$2,747,974 to cover school property valued at \$147,318,075 and "this is gambling and actuarially unsound." He said the state had lost \$90,309 up to June of 1954 as a result of the program.

The Pacific Coast offices of Maryland Casualty have been moved to 340 Sansome street, San Francisco. T. W. Michels is resident vice-president in charge.

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Independent Adjusters Discuss Catastrophe Plan

(CONTINUED FROM PAGE 1)

programs. The associations have an important role to fill, he said.

Mr. Haskell said that to overcome the problem of a widespread membership, the alliance devised an educational program comprised chiefly of correspondence work and initiated regional meetings as a service to field men.

The alliance home study program is made up of 15 lessons starting with basic principles, progressing into prop-

plain that adjusters select the attorneys for handling litigation and they put all the work in one office. The lawyers would like to have the company in each case make its own choice of counsel on the theory that this would tend to spread the work among all the lawyers in each community. "It certainly would improve your relations with the bar if that could be done," Mr. Don Carlos remarked.

Once in a while there is heard the story of an independent adjuster studying the law applicable to a given case and walking into the office of plaintiff's attorney and laying down the law to him. This puts the adjuster in the position of being charged with unauthorized practice of law, and certainly it is poor strategy. Mr. Don Carlos said that strategically it can be more disconcerting if the attorney tells the adjuster what the law is and then to have the adjuster remark that such discussion is out of his line but that he is there to discuss settlement. If it is a matter of the law applicable to a case that is to be determined, that is a job for the defendant's trial lawyer. If the plaintiff's attorney presses for an explanation of the adjuster's evaluation of a claim, Mr. Don Carlos suggested that he state his grounds as being the facts of the case, advice from the defendant's counsel and common sense. "That last may really upset



Attending the independent adjusters' meeting at Chicago: F. A. Rhodes, Central Surety; E. Scott Wetzel Jr., Salt Lake City, and Mrs. Wetzel; Mrs. Kizer and Lester M. Kizer, Waco, Tex.



Ralph G. McCallum, general manager of National Assn. of Independent Insurance Adjusters pictured at that group's meeting in Chicago with A. A. Werlla of Wichita Falls, Tex.

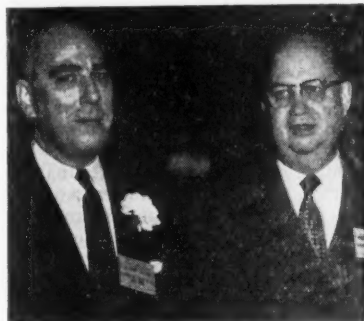
erty insurance and liability coverages and finishing with selling. The enrollee is sent one lesson, consisting of a study outline, text material and a set of questions, at one time. After the questions have been answered and graded at the alliance office, the next lesson is forwarded to the student.

The study plan for men already in the field, or the forum program, as it is called, consists of a series of lectures by qualified persons throughout the country, which are followed by a panel discussion.

To show that such educational programs are worthwhile even in the more technical and specific fields, Mr. Haskell cited the program being sponsored by Federation of Mutual Fire Insurance Companies for training personnel in fire prevention and protection, with a second course being planned for fire prevention engineers, and the program of Mutual Loss Research Bureau for developing manpower in the field of property claims adjustment.

Harlan S. Don Carlos, attorney of the claim department of Travelers, mentioned several complaints of attorneys concerning adjusters and made some recommendations as to how they could be overcome.

He said some practicing lawyers com-



C. Obed Carlson, editor of claim publications of Best Publishing Co., shown with Robert T. Luce, vice-president and general counsel of Casualty Mutual, at the independent adjusters' meeting at Chicago.

him, if it happens to be out of his line. In any event, there is nothing left to discuss but the possibility of settlement."

Probably the surest way of improving relations with the lawyers is for adjusters to become acquainted with the attorneys in their communities, Mr. Don Carlos suggested. One of the likely results of this would be that an attorney with whom the adjuster is ac-



Marion B. Arnold, of Miami, who as president presided over the Chicago meeting of National Assn. of Independent Insurance Adjusters, with Mrs. Arnold; Charles J. Peck, Toplis & Harding Wagner & Glidden, Chicago, the new president of NAIHA, with James J. Ryan, Ashland, Ky.; Robert H. Hill of Detroit, a past president of NAIHA, who also is a PMLG of Michigan Blue Goose; Gordon Ingebritson, prominent in the adjusting field, and Frank J. Wittliff of Port Huron, Mich., who is a regional vice-president of NAIHA.

quainted would discuss complaints he thinks he has about claim practices. Certainly that would be better than making an issue of such a matter before the local bar.

Another advantage, and even more important, is that such acquaintances can make an adjuster's work more pleasant and effective, he said.

A lively round of social activities punctuated the business sessions.

Among these were a president's dinner, dancing, a cocktail party sponsored by Alfred M. Best Co., a banquet honoring the new president and quest honoring the new president and a series of events for the ladies.

M. D. Pace has sold his interest in the Pace agency of Bonners Ferry, Ida., to C. Don Kerby and has retired. Mr. Kerby and Mr. Pace's son, Robert M. Pace, will operate the agency, which has been renamed the Pace-Kerby agency.



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Miller Describes Trends in Sub-Standard A&H

(CONTINUED FROM PAGE 3)
the risk. The sub-standard risk can least afford to bear this additional cost since the person is already likely to be struggling against greater odds in life than a normal risk.

Coverage must be given without a preexisting exclusion applying to the particular impaired condition. Mr. Miller said this is not a generally recognized factor, that the waiver must not only be eliminated as to the impairment, but the impairment must be covered even though it is a pre-existing condition. This obviously requires more careful and definitive information than needed for standard business.

The applicant should be employable as well as employed. That is, companies must be on the lookout for persons in such serious physical condition that they could stop work and immediately claim total disability on the basis of existing impairments. Mr. Miller mentioned a case in which the applicant's heart and blood pressure were in such serious condition that the doctor would be justified in ordering him off duty. Yet this man was actively employed as a salesman. This is a serious problem, and the tendency is to reject such a risk on the ground that he is not employable for health reasons even though he might be working at the time.

An unknown in the sub-standard field is evaluation of risks as to the condition in which some persons fall as a result of extended illness, sometimes referred to as the "security of sickness." It is a neurotic or even a psychotic condition resulting from protected and sheltered existence.

To offer an impaired risk the alternative of either a policy eliminating coverage for his impairment or a policy at a substantial increase in premium would seem unwise, Mr. Miller said. The established practice in the business might incline the agent to offer such alternative, but this might result in serious selection against sub-standard programs. No one who is convinced that his impairment is not likely to cause an important accident would want to pay extra premiums, but the person who suspects that it would, would be quite willing to do so. This is an area in which the companies might have some difficulty, he admitted, especially with a brokerage business.

Then there is the problem of a change in the impairment. There will be cases of improvement and cases of

regression to the point of extended or total disability. For the latter, there might have to be given successive increase in premium, and the results of such a procedure must be appreciated by the company, which should have answers and explanations for its insured. The insured whose condition improves certainly is entitled to a reduction in his premium. This is a situation different from anything even encountered in the insurance business before.

A sub-standard risk which develops an independent impairment may be a more hazardous risk than the normal, and this is a problem which must be taken into account, Mr. Miller said.

On the score of commissions, the question arises as to whether the agent should be paid for the impairment loading. Mr. Miller noted that there is no answer in a sub-standard life practice to help the A&H people. More often than not the agent received in the life business a commission on the impairment loading, but while it may be possible for life, the social pressures placed on the A&H business may not make it advisable for the agent to take the benefit of the impairment loading in applying his commission percentage to the total premium. While the agent is entitled to a fair return for his efforts, the entrance of the business into the sub-standard field gives him an opportunity to write a risk he could not otherwise cover, at least without a waiver. Thus the agent will get commissions he might not otherwise have been able to earn at all. He may have to give a little more handling to sub-standard on occasion, but this extra effort should not be significant.

Sub-standard is one phase of the agitation under way to provide coverage of some sort to everyone in the country. Mr. Miller had some comments on the proposals that have been made for an industry-sponsored reinsurance organization, an idea that was developed by some in the business to obviate the necessity for a federal reinsurance plan.

The industry proposal explicitly would not compete with private reinsurance facilities, at least in the fields in which private facilities are now available to any extent. Thus the proposal is not objectionable to the private reinsurance companies. Mr. Miller pointed out, however, that the private reinsurance resources are tremendous when considered in total, leaving little for the proposed organization except propositions which are likely to operate at a loss.

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organization would have as its primary function the development of loss lines, or perhaps lines which before development would appear to be such in the estimate of private reinsurers, but upon which they could have guessed wrong, Mr. Miller said. It would be principally a subsidy to certain groups in the population, and would have to be paid for by the insurance industry rather than the government.

Mr. Miller remarked that this means the policyholders would be paying for a subsidy, but this may not be as bad as it sounds because social insurance as a concept seeks to subsidize those who cannot pay with funds collected from those who can. Ultimately, the plan would be social insurance sponsored by the insurance business. In order to work it would need the overwhelming support of the insurance companies, and would have to be something resembling a cartel. This might or might not, Mr. Miller observed, require special laws providing exemption from the anti-trust statutes.

Such a plan offers the advantages of large resources, less immediate danger to the business from federal intervention, and industry wide interest in experimental programs.

The disadvantages include an inflexible scheme which probably would put the experimentation into a single channel. Additionally, the business would be putting a great many of its eggs in one basket, and would be setting itself up neatly for possible eventual government domination or ownership. There is also the difficulty of excluding, including or policing any unstable or undesirable companies, plus

the chance of making the whole matter a political punching bag with charges of monopoly.

There are some alternatives to this organization, Mr. Miller said, and among them are the continuation and speeding up of individual company experimentation, more use of extensive and flexible reinsurance facilities, development of means to bridge gaps and coverage at state level, perhaps by social legislation or assigned risk pools, or educational programs designed to teach the public what is available plus more emphasis by the industry with government help on the idea of individual budgeting for health costs.

John O'Leary of United, is chairman of the round table and was in charge of the meeting. Mr. Miller was introduced by James S. Tiernan of Bankers Life & Casualty, the co-chairman. At the May meeting the round table will elect officers.

On hand for the talk was William Fee, resident vice-president of Employers of Chicago.

Cedargren Named to Fire Sales Post by Allstate

Paul H. Cedargren has been appointed fire sales director of Allstate and will be in charge of sales operations for dwelling fire coverages. He succeeds Robert E. Collier who has begun a training program to become a branch manager.

Mr. Cedargren, a University of Minnesota graduate, joined Allstate in 1953 as a management sales trainee at Milwaukee. Last year he became fire promotion supervisor in the midwest zone office.

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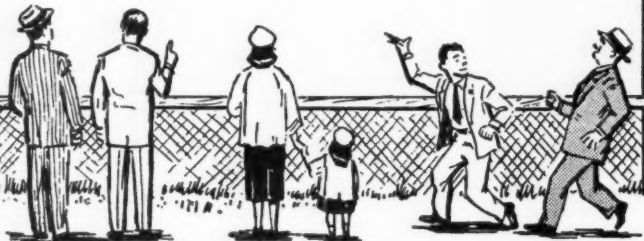
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Holz Speaking At Hemispheric I-Day

Insurance Superintendent Holz of New York will be one of the speakers at the annual Hemispheric Insurance Day luncheon May 16 at the Waldorf Astoria hotel in New York City. Henry F. Holland, assistant secretary of state for inter-American affairs, will also speak.

John A. Diemand, president of North America and chairman of the hemispheric insurance conference committee of the U. S. Chamber of Commerce, which is sponsoring the luncheon, will report on the hemispheric conference held last August at Rio de Janeiro, which he attended as head of the U. S. delegation.

Length of Discussion Topic at NAIA Meet

(CONTINUED FROM PAGE 5)
agents to see if it will result in a tax saving.

Adjusters are pleased with the broad and special dwelling forms, George M. Lynch Jr., manager of education and research of Western Adjustment, said in his talk before Midwest Territorial Conference, held in conjunction with the NAIA midyear. The new forms are flexible, compared with only one coverage for insured in the past.

However, the new forms represent a mixed blessing for adjusters. With additional extended coverage and the dwelling forms there is an increase in adjusting problems. The security of well established precedent is no more. Yet adjusters have studied the new dwelling forms, they have resolved some of the problems, and though there is still some confusion, especially in connection with previously excepted coverages and new phraseology the adjusters are tackling the problem and expect to be able to handle it in a satisfactory way.

One of the most important provisions of the new dwelling forms is the replacement cost feature, he said.

There is much in the forms to assist the agent in selling them, he said, and they provide more appropriate insurance. However, careless selling can be very bad. It leaves the adjuster in a helpless position when he must penalize insured who does not have enough insurance.

Adjusters need some new definitions. Some questions will have to be resolved such as what is a friendly fire, is the deductible applicable on smoke damage, etc.

While the agent has a right to be enthusiastic about the present forms which have many advantages, they should not be overzealous, they should not oversell them, he cautioned. The forms contain some definite exceptions and several possible losses not contemplated by the makers of the forms. He noted that the deductible is not too familiar in the midwest territory except on automobile and this will take a period of education for adjuster and insured. He asked for sympathetic understanding of the adjustment problems by agents.

Clarence H. Metzner of Western Underwriters Assn., who discussed the coverages in the new dwelling forms, cautioned agents that if they are going to sell a Chevrolet they should not expect the company to deliver a Cadillac. The forms are excellent, well suited to their purposes, and the agent will find them effective if he understands them and applies them properly. By all means the agent should seek to place insurance to value.

In the discussion of automobile coverage at the midwest meeting, Fred

J. England of Cambridge, in response to a question, said that general agents in that state get a 12% commission on automobile BI and the local agent 7%—and do a lot of work for it.

One topic at the meeting of state secretaries held in conjunction with the midwest meeting was efforts of the state associations to get agents' licensing laws strengthened. In general, the secretaries reported, these efforts have been unsuccessful.

Texas Fieldmen's Assn. Holds Abilene Seminar

West Texas division of Texas Insurance Fieldmen's Assn. held a seminar in Abilene April 26 to discuss recent changes in the Texas automobile policy and new rate revisions which have been announced by the board of insurance commissioners.

Herman L. Begeman of the board's casualty division at Austin was the principal speaker.

GAB Changes Two Managers in Fla.

General Adjustment Bureau has named Stewart M. Bell, formerly senior adjuster at West Palm Beach, Fla., manager at Fort Lauderdale to replace John M. UpdeGraff, who is transferring to Miami. Mr. UpdeGraff succeeds Harry E. Parker, who has requested relief from active duty after 25 years with the bureau. C. T. Hynes of the Miami staff has been elevated to general adjuster.

Mr. Bell entered the business with Western Adjustment in 1937 and went with GAB in 1947. Mr. UpdeGraff was with Underwriters Adjusting Co. before joining the bureau at Miami. Mr. Hynes was also with Underwriters Adjusting before joining GAB.

Agricultural Gets New Casualty Claims Man

Donald W. Gregory has been appointed casualty claims manager of the newly formed casualty department of Agricultural and Empire State. He will head Agricultural's casualty claims operation which is being developed on a country-wide basis.

He has been an independent claims adjuster.

Insurers' Tax Asked in Pa.

Gov. Leader of Pennsylvania has recommended to the legislature that the net 8-mill tax on gross premiums paid to domestic stock insurance companies and to mutual life companies be reinstated. The recommendation was included in his suggestions for additional general fund revenue.

Conn. Passes Merger Bills

The Connecticut assembly has passed legislation that would authorize Hartford Accident to merge with other companies and to set up classes of directors and permit Hartford Fire to do the same and increase its capitalization from a maximum of \$40 million to \$60 million.

Minn. WC Benefits Hiked

Both houses of the Minnesota legislature have passed the bill increasing maximum benefits under the workmen's compensation law from \$35 to \$40 a week. The bill now awaits the signature of Gov. Freeman.

Pilling Detroit Speaker

Speaker at the May 19 meeting of Detroit Assn. of Insurance Agents will be Neville Pilling, U. S. manager of Zurich, whose subject will be "The Casualty Business—Today and Tomorrow." Mr. Pilling's talk follows that of Kenneth Black, president of Home, who discussed the fire business at the April meeting.

Increased Awards, NACCA Legislation Discussed

(CONTINUED FROM PAGE 9)

ey. This would produce close to the situation existing in Russia, where the civil code provides that in determining compensation to be awarded for an injury in all cases the court must take into consideration the property status of the injured party and that of the party causing injury.

The direct action statute helps to run up casualty losses and premiums, Mr. Mertz asserted. He said in the investigation by Louisiana legislative council to ascertain why rates are so high there as compared to other southern states, the executive of a leading Louisiana casualty company testified that in his opinion the direct action statute is responsible for raising the loss ratio between 15% and 20%.

Other bills receiving more and more attention are those to prevent negotiation or settlement of a claim within a fixed period after an accident, to penalize insurers who fail to settle claims properly, to require disclosure of the amount of defendant's insurance coverage, to prevent judges from reducing jury verdicts, to award attorney's fees to successful claimants, to repeal the guest statutes, and to remove the limitations on damages for wrongful death.

Most of this type of legislation is sponsored by National Assn. of Compensation Claimants' Attorneys (NACCA). This group has the objective of obtaining the "more adequate award." They are educating the more inexperienced counsel in techniques of getting the maximum possible settlement or verdict in a jury case, and are fostering legislation to remove most of the restraints on limitations for such recoveries.

The more the insurers have to pay out, the more rate they have to have, but there is a point beyond which the insured will not stand still for another rate increase. There is no telling what the political consequences might be, Mr. Mertz said. Such a situation would provide a good opening for the advocates of government control to step in with proposals to take the whole subject of casualty insurance out of the hands of the companies and the negligence lawyers and put it under state sponsorship. If this occurred, he warned it probably would be accompanied by proposals for complete elimination of the element of fault as a prerequisite to liability and by reversion to the compensation-type system that is proposed from time to time in the legislatures. Plaintiffs' attorneys would be among those who would suffer by such a change.

However, the business is not sitting by in the face of the problem. It is striving to improve public understanding of how insurance works, how rates are made and what is at stake. Traffic safety and driver education are being stressed, and there is being developed media at the communication level to tell the story directly to the public.

The first echelon of defense, Mr. Mertz said, is the claim man. He stressed this point by remarking that only a few weeks ago he was at a state legislative committee hearing on a bill to repeal the guest statute. The committee was generally hostile to insurance company people, but an executive of an eastern company waiting to appear in opposition was not worried. He

told Mr. Mertz that some years ago he was an adjuster. A young plaintiff's attorney came to see him with a couple of small BI claims. The company man didn't give away anything that the attorney's clients weren't entitled to, but they were treated fairly and the claim man even asked the lawyer into his office and gave him a few pointers on how to process claims of that type more efficiently. The morning of the hearing he ran into the lawyer again and he found out he was a member of the committee, and the company man was told that he would get a careful hearing because the committee would know an honest presentation was being made.

Application of Insurance Law Is Told by Harris

Raymond Harris, deputy superintendent and counsel of the New York insurance department, told department examiners that in carrying out administrative duties officials should always be mindful that the insurance law is to be administered in the public interest and in doing this the rights of the individual should be respected and protected.

Speaking on administrative law applied to the business of insurance, he stressed the importance of department actions, noting that under current rulings administrative construction of a statute authorized by law must be taken into account by the court and may not lightly be rejected by the courts as unreasonable.

He also pointed out that to facilitate inquiries into insurance matters, the superintendent is authorized to grant immunity from prosecution to those hearing witnesses who claim privileges of self-incrimination.

Kemper Managers Meet

District and branch office production managers of the Kemper insurance group are meeting this week at Chicago. N. C. Flanagan, vice-president of Lumbermen's Casualty, American Motorists and American Manufacturers Mutual, is in charge of the sessions. There are 94 field district managers and 13 production managers from the U. S. and Canada in attendance. Home office underwriting, advertising and production personnel take up casualty coverages for the first two days and fire insurance the third.

Austin to Join Marxer

Harold Austin is joining Marxer & Co., Chicago inland marine adjusters and marine surveyors, as of May 1. He was on the adjusting staff of Underwriters Adjusting for six years, and was loss manager for two years in the western department of Hanover and a staff adjuster in Chicago for Providence Washington.

Mr. Austin will supervise the handling of the fire and automobile adjustment, including some inland marine.

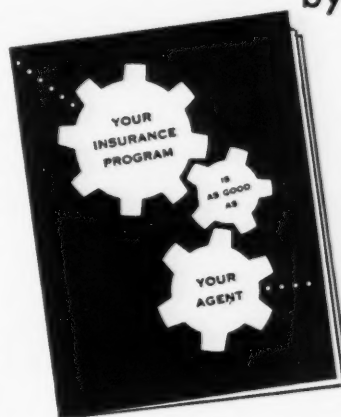
New Johnson & Higgins V-P

Johnson & Higgins has named John N. Robinson a vice-president in the marine hull department. He was formerly a vice-president of Marine Office of America which he joined in 1936. He also served it as hull underwriter and assistant manager.

Ann Clappitt was installed as president of Indianapolis Assn. of Insurance Women at the April meeting, to succeed Mary Ellen Pixley. Other officers are Mary Kay Males, vice-president; Mrs. Charles F. Kelly, secretary; Mrs. Clifford E. Donovan, corresponding secretary, and Marie Slagle, treasurer.

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Seeks Agents' Opinions on Casualty Coverages

(CONTINUED FROM PAGE 7)

insurers more or less liberal than bureau companies? Mr. Bandy said the talk on these points is contradictory and varied. The committee would like to get the facts.

General liability questions included:

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Do you feel the storekeepers liability policy offers some elements of coverage not needed by the average risk? Mr. Bandy said this policy has not been selling well, generally, and there must be some reason why not. The bureau and agents want to know. Perhaps some of the coverages are not important to potential insured and could be eliminated with a reduction in rate.

Have you noticed any resistance to the single limit for BI and PDL in the comprehensive and farmers personal liability policies?

Should the CPL be amended to include cover on boats operated with outboard motors regardless of horse power? He said the hp was increased from 10 to 25 in the policy but unfortunately at about the time this occurred two motors, one 30 and the other 40 hp began to sell.

Glass questions include:

Do you encounter any difficulty because glass insurance other than residence cannot be written for a term in excess of one year? Mr. Bandy noted that the 3-year policy was eliminated because of glass price fluctuation. However, prices are now stabilized and some non-bureau insurers are going back to the longer term.

Burglary questions include:

Are you satisfied with the rating and coverage under residence and outside theft? The volume on this policy, he said, is declining. The committee wants to find out if it is worth saving and if so, how to do it.

Would you prefer a junior 3-D insurance requirement on open stock burglary for an added premium?

Would you prefer a junior 3-D policy providing lower limits and lower minimum premiums? This has been up two or three times, Mr. Bandy said. Some need for such a policy for smaller insured has been observed.

Mr. Bandy distributed comparisons, on 16 points of coverage, of the old National Bureau auto policy, the new bureau contract, and the contracts of Allstate, State Farm, General of Seattle, American Auto, United Pacific, Pacific Indemnity and General Accident. The yes and no answers following each question below are for these nine contracts in the order given above.

1. Is the liability coverage based on

occurrence rather than accident? No, no, yes, no, yes, yes, yes, yes.

2. Is the extended MP cover a part of the policy in lieu of adding it by endorsement? No, yes, yes, no, no, no, yes, no, no.

3. Is coverage for house and similar trailers included in the policy? No, yes, yes, no, yes, yes, yes, yes, yes.

4. Does the policy include coverage on automobiles furnished for the regular use of insured? No, no, yes, no, yes, yes, yes, yes, yes.

5. Does the policy include coverage on autos regularly hired by insured? No, yes, yes, no, yes, yes, yes, yes, yes.

6. Is the bail bond cover limited by the phrase "Not to exceed the usual charges of surety companies"? Yes, no, no, yes, no, no, no, no, no.

7. Does the policy contain an agreement to reimburse the company for loss paid under a financial responsibility law which it would not have paid except for the FR agreement in the policy? Yes, yes, yes, yes, no, no, no, no, no.

8. Is insured covered, after selling his car, while driving a borrowed car pending delivery of a new one? No, yes, yes, no, yes, yes, yes, yes, yes.

9. Under use of other automobiles is insured covered while driving trucks other than in the occupation of insured? Yes, yes, yes, yes, no, yes, yes, yes, yes.

10. In case of death or insolvency is notice required for continued protection? Yes, no, yes, yes, yes, no, yes, yes, yes.

11. Is the spouse of insured included on the same basis as named insured, obviating need of including both names? No, yes, yes, no, yes, yes, yes, yes, yes.

12. May the policy be written without a description of the automobile where all autos in the family are covered in the policy? No, yes, no, no, yes, yes, yes, yes, yes.

13. Is notice to the company required on a newly acquired automobile if it is an additional auto? Yes, yes, yes, yes, no, no, no, no. If it replaces an owned automobile covered by this policy? Yes, no, yes, yes, no, no, no, no.

14. Does the MP exclusion of injuries for which benefits are payable or required to be provided under workmen's compensation apply only to

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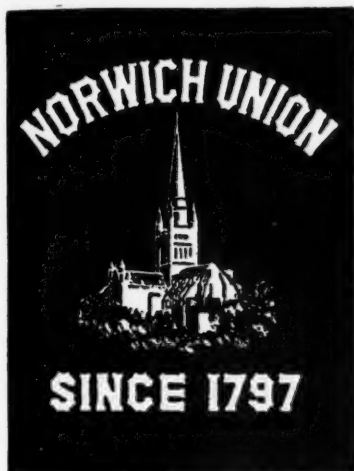
employees of insured? No, yes, yes, no, yes, no, no, yes.

15. Are dental service and prosthetic devices included in MP? No, yes, yes, no, yes, no, no, yes, no.

16. Is damage to a rented residence or private garage excluded under the property damage cover? Yes, no, no, yes, no, yes, no, yes, yes.

Great American Indem. on Bond

J. E. Haddock of Pasadena has been awarded a contract by the California department of public works for construction of 2.4 miles of highway improvement in Los Angeles at a price of \$4,484,517. Great American Indemnity, through Wren & Van Allen general agency, is surety.



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Ore. All Physical Loss Bill Is Signed

The governor has signed the bill permitting the writing of all physical loss risks on dwellings and contents on a divisible premium basis. The legislature killed two measures to permit the writing of all risk policies on an individual premium basis, sponsored by Multiple Peril Insurance Rating Organization for dwelling properties only, and to permit virtually all combinations of risks as sponsored by North America.

The governor also signed a bill requiring mutual companies to print upon the policy an explanation of policyholders' liability, a bill providing that instead of issuing renewal licenses the commissioners may grant extensions of time on a previous license and permitting a company to cancel an agent's license or an agent to cancel a solicitor's license, a bill providing for forfeiture of certificate of authority instead of a \$10 a day penalty for late filing of an annual statement by an insurer, and a bill prohibiting issuance of a certificate of authority to any state or government as an insurer.

The house has passed a bill providing for arbitration of workmen's compensation cases when the workman is dissatisfied with the award. The bill would establish an arbitration board of three medical experts and there would be no appeal from their findings. Proponents said that last year 204 court appeals resulted in payment of \$233,484 to attorneys, and the bill will eliminate a majority of this expense to the state. The opponents said the measure is an anti-labor bill designed to reduce the amount of awards to injured workmen.

The senate has passed a bill to permit the purchase of liability and property damage insurance by state officers or state board and commissions to protect themselves and employees from possible personal liability incurred in the performance of their jobs. Premiums will be paid out of appropriations.

Widespread Damage by Week-End Tornadoes

A series of tornadoes hit the central part of the U.S. on April 22. The twisters in several states, including the southeastern Missouri area and Illinois at Mount Sterling, caused damage termed "spotty." Many of the affected areas were rural or sparsely settled.

Losses in the southeastern Missouri-Illinois section are not expected to exceed the 2,000 mark, with an average loss of \$100. There are a number of losses at \$50 to \$75, mostly TV antennas.

At Sikeston, Mo., the storm blew down the screen tower and damaged the concessions and projection building of a drive-in theater, a factory and an airport hangar, as well as other commercial and residential buildings.

Western Adjustment has sent in five extra men to four Missouri areas—Cap Girardeau, Kennett, Poplar Bluff and Sikeston. No other offices have requested outside assistance.

Continental Casualty Opening Denver Office

Continental Casualty is opening a new office in Denver with John Schmit as manager.

Mr. Schmit, who has had 14 years' experience in insurance, is a graduate of Washburn University and was a navy lieutenant in the second world war.

Charles Wise, who has been with Continental since 1941 excepting two years in the army, will be A&H manager. Recently he has been the company's manager of commercial-disability A&H divisions at Los Angeles. Ernest Clark, Continental claim department manager at Springfield, Ill., who helped pioneer opening of the Denver claim office, will manage the casualty claims department.

Thomas Kirgis will be A&H underwriter at Denver, moving there from a similar position at Kansas City. Robert Bowling will be special risks A&H agent.

Conover & Co. to Move

Chase Conover & Co. auditors and accountants, for 20 years at 135 South La Salle street, Chicago, will be located as of May 1 at 332 South Michigan avenue in that city. The phone will be WAbash 2-3575.



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Evanston, Ill., Wind Damage Hits \$250,000

Tornadic winds which ripped through Evanston, Ill., early last week caused damage that may range from \$250,000 to \$300,000. Losses have been estimated as between 600 to 800, and of this number there are possibly 300 at \$500 each. The overall loss average is about \$200.

Apparently the storm was definitely a tornado but did not hit the ground.

Millers National Develops Sales Campaign Brochure

Millers National has made available to agents a complete advertising campaign brochure. It includes a number of pre-tested sales letters for use in prospecting, samplers of newspaper advertisements available in mat form, and instructions on how to make use of the promotion ideas.

Ill. Public Adjusters Draw Up Operating Rules

Illinois Assn. of Public Insurance Adjusters, which recently received its charter and elected officers, has approved a constitution, by-laws and rules of professional conduct and ethics at a special meeting in Chicago.

Giberson Joins Naghten

Paul G. Giberson, who for the past five years has operated his own agency in Chicago, has gone with John Naghten & Co. there as vice-president to coordinate and supervise the agency's Lloyds and special risk division. Mr. Giberson was Joyce & Co. sales manager for 22 years and was also assistant vice-president and a director.

Allstate's New York Fire Rates Scrutinized

(CONTINUED FROM PAGE 1)

ask for it, also, Henry S. Moser, general counsel of Allstate said.

At this point Mr. Holz said he didn't know what the policy of the department on rate increases had been, but that he was going to make the rules from here on. It is a disservice to the public and companies for the latter to have to continue to charge rates that are too low, he said. The matter will be properly adjusted.

Abraham Kaplan of Powers, Kaplan & Berger, counsel for NYFIRO, read excerpts from a letter written by George H. Kline, assistant counsel of Allstate, at the time he was deputy superintendent of New York. Mr. Kline, in approving the 1951 EC rate

increase granted the companies by the department, said that an assumed frequency of one major hurricane once in six years is a better base for rating than the 10 years of experience which the companies wanted to use.

To NYFIRO's effort to get information bearing on its contention that Allstate is subsidized, Allstate countered with a demand for figures showing the commissions paid by NYFIRO companies to agents and brokers on dwelling class business. Joseph M. Proskauer of the New York City law firm of Proskauer, Rose, Goetz & Mendelsohn, representing Allstate, said his side proposes to show that such commissions are far in excess of the 24.9%

shown for fire insurance in the expense exhibit prepared by the New York department.

At another point in his cross examination of H. Sumner Stanley, general manager of NYFIRO, Mr. Proskauer said one point Allstate will seek to develop is that NYFIRO is deliberately trying to prevent competition, in violation of the antitrust laws, among other things, and to prevent Allstate giving to the public via a stock company dwelling insurance at a cost at which it can get such insurance from the mutuals, which pay a dividend of about 20%.

Mr. Holz responded that it is the duty of the department to prevent anything like the stifling of competition. He said he was not adopting Mr. Proskauer's view on this and that he be-

lieved NYFIRO has done and is doing only what it thought proper. He said he implied no improper motives to NYFIRO.

Mr. Kaplan, who objected to such talk as Mr. Proskauer's when the press was present, added that Allstate is trying to raid the dwelling fire business in New York and put itself alone among stock insurers in a position where it can charge lower rates.

Mr. Proskauer asked Mr. Stanley if anyone can belong to NYFIRO. If NYFIRO wants to contribute to NYFIRO's pro bono publico (its fire protection, town inspection, and similar work), NYFIRO would not let Allstate do so unless the latter agreed to abide by the rating bureau's rules and rates. Mr. Stanley replied that NYFIRO's by-laws and constitution make no provision for such an arrangement.

Mr. Proskauer then sought to learn how much of the rating bureau's \$2½ million annual budget is spent on pro bono publico. Mr. Stanley said the expenditure is not broken down. Mr. Proskauer said he had seen an estimate of one-tenth of 1% of dwelling class premiums. He said he was trying to show that NYFIRO talk about these expenditures constitute a man of straw.

Mr. Kaplan said there would be no trouble about the commission figures on dwelling business, that he intended to put on the stand two agent witnesses to develop these figures. One, he indicated, will be John C. Stott of Norwich, N. Y. The insurance department made a study, which it published, of the costs of operation in the Stott agency which showed that the agency could not continue in business on its earnings from fire insurance.

Mr. Stanley testified that the fire experience on New York dwellings for the five years ended 1952, incurred to earned, was 46.3, and that analysis of a large sampling of dailies showed that 68.6% of fire policies written in the state carry EC. The EC loss ratio, incurred to earned, in the same five years was 70.6. Mr. Holz said he was hesitant to let Mr. Kaplan go on along this line because there is little or no issue as regards losses.

Mr. Kaplan replied that no experience on EC was projected in the Allstate rate filing. Mr. Holz said such a filing should include EC. Mr. Kaplan said if Allstate had projected an EC experience, it could not have filed 20% off. Mr. Moser interjected that in its filing Allstate made clear that it expected its losses and loss adjustment expense not to exceed those of other companies. Allstate took the information available to it and filed 20% off because of savings in acquisition cost. Mr. Holz said it was correct for Allstate to predicate its filing on the same EC loss ratio as NYFIRO's.

Mr. Proskauer pointed out that NYFIRO had not filed for an EC increase after 1951, though the rates certainly were not adequate after 1954. Mr. Stanley reiterated the department's rule about a ceiling on rate increases. NYFIRO did file for exclusion of antennas and the department, though it argued that rates should be reduced if

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There is an opportunity in a prominent Eastern company for a man who by training & experience is ready to assume over-all operation of its Home Office Accident & Health Dept. The man desired is about 35, knows the existing market & is an underwriter who is accustomed to profitable performance. He also possesses sufficient production & creative bent to inspire agents & field men in the further development of the company's business.

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the rule were allowed, did authorize it. Mr. Holz kept urging that the hearing get down to acquisition cost.

Allstate can't justify its 20% reduction whatever NYFIRO experience, Mr. Kaplan charged. No reduction is justified. The law requires loss experience to be considered. Mr. Holz admitted the department has a serious obligation to see that rates are adequate.

Even if EC rates are increased, it is still the contention of NYFIRO that the department cannot approve a rate decrease.

Mr. Holz replied that the department can't control Allstate's acquisition cost, any more than it can that of NYFIRO insurers. He asked what NYFIRO spends on fire protection activities, information NYFIRO had indicated it would produce later. If, Mr. Holz added, Allstate has not taken into consideration such expense, if they don't spend anything on fire protection, then perhaps they ought to and this expense should be considered in a rate filing.

Mr. Kaplan said that expense is meaningless as a figure unless the loss experience is also considered.

Mr. Stanley testified that if all companies had used Allstate rates for five years they would have lost \$35,801,000 on a fire loss ratio on dwelling losses of 58.3 and on an EC loss ratio of 94.5—or, combined, 71.3

Mr. Holz said it was improper when Mr. Proskauer asked Mr. Stanley if the latter did not have an interest in preventing the introduction of lower rates.

There was a discussion of what experience is used in making rates, with testimony that NYFIRO files the experience of its stock company members, and the mutuals file their experience, both with the department. NYFIRO has about 50 mutual subscribers. The department then takes the total experience into consideration. Mr. Holz said it was the obligation of the department to get all the experience in and review it before authorizing a rate filing.

Mr. Holz wanted to know why expenses were not shown by classes. Mr. Kaplan replied that a study had been made by the New York department into the feasibility of doing this but no refined system has been devised that would not be too costly.

Mr. Moser asked for introduction of the report by F. W. Doremus, general manager of Eastern Underwriters Assn. on the effect of the 1954 hurricanes on the EC rate structure. Mr. Moser said Mr. Doremus said that the hurricanes did not warrant any change. He then asked a question about North America, but Mr. Holz said he was interested only in the question of whether Allstate's rates are adequate.

Mr. Proskauer interjected to say that Allstate was attempting to show that there was motive behind the NYFIRO fire rate reduction of last September which tends to impeach the sanctity claimed by NYFIRO for its rates and rate making.

Mr. Stanley said his organization has 150 men available who spend part of their time on town inspections and that eight spend all their time on that work.

Isn't it a fact that NYFIRO inspects municipalities only when asked to do so by an agent or a city official? Mr. Moser asked. Mr. Stanley denied that this was so. Mr. Moser then read into the record a passage from the report of the examination of NYFIRO by the New York department which indicated that town inspections and re-rating

generally originated with a request from community officials, that NYFIRO has no program of periodic town inspections. Mr. Stanley replied that this situation had changed since the examination, which started in 1951, and Mr. Holz said what was wanted was the cost of the work, anyway.

On Mr. Kaplan's line of questioning to elicit the cost of such work, Mr. Holz commented he wanted to know how much Allstate should add to its rate to cover the cost of such work.

L. G. McKnight, manager of the fire department of Allstate, was put on the stand. He testified that the company has 244 agents selling auto, fire and comprehensive personal liability in New York, 141 of them in Sears stores and 103 outside.

Mr. Moser said no Sears employee is doing anything for Allstate.

George Kline then was put on the stand and testified Allstate agents do not write policies, do not add endorsements, etc., that reflect changes in coverage, do not bill and collect the premium. The company does all this. The company has 16 adjusting and loss servicing units in the state.

To an inquiry about his purpose with this line of questioning Mr. Kaplan responded that the relations of Sears and Allstate bear on the credibility of figures used by Allstate in would cost other insurers a lot of money, he declared. He noted that these functions which agents do not perform are not included in the 15% commission on new business Allstate pays its agents. He wanted to know what commission Allstate paid on the mail order business it gets by way of its advertisement in Sears' catalogues.

Clarence B. Kenny, senior vice-president of Allstate said 11 of Allstate's 16 directors, are directors of Sears. Sears owns all the stock of Allstate. Sears issues over 7 million catalogues. Allstate pays Sears the cost of its advertisement, in 1954 \$154,359 plus \$1,890 for space in flyers.

Mr. Kaplan said Allstate doesn't pay Sears any profit for introducing Allstate material into its catalogue.

Mr. Kenney said about \$1 million, or 2 or 3%, of the \$39 million of business done in New York in 1953, came direct by mail.

Mr. Holz wanted to know the answer to Mr. Kaplan's question as to whether anyone else paid Sears for including its advertisement in the catalogues.

Mr. Holz also evinced much interest in Mr. Kaplan's effort to find out what Allstate paid Sears for the insurance space in Sears' stores. Mr. Kenney said Allstate paid \$31,889 in New York, or six-tenths of 1% of its New York premiums, in 1954, for 41 counters. Mr. Kaplan said that was about \$800 per year per store. Mr. Moser said payment per square foot ranges from \$6 to as high as \$15.

"These figures don't sit well with me," Mr. Holz, who is a lawyer who has specialized in the real estate field, said.

Mr. Kaplan put on the stand Paul T. O'Keefe, a New York real estate expert. He testified that at the airports in the New York area stock companies sell insurance (trip accident policies) through machines and over counters. They pay the ports 13% of the gross premium for the machine installations.

Associated with Allstate counsel were Phillip Habeman of Mr. Proskauer's firm; with Mr. Kaplan, George I. Gross and C. P. Butler, and flanking Mr. Holz were Deputy Julius Wickler and Joseph Collins, Jack Malmuth and Harold Sohmer.



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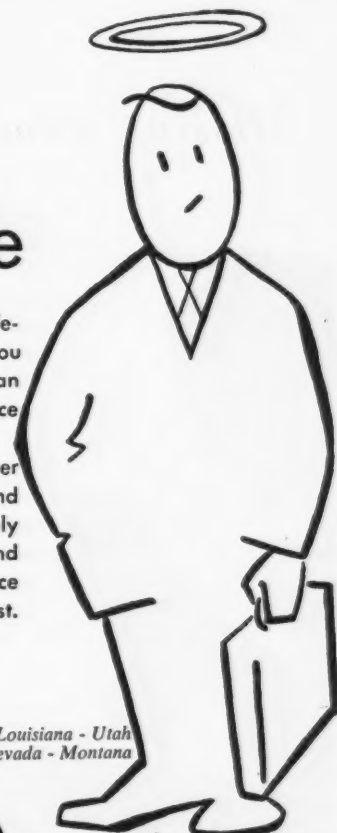
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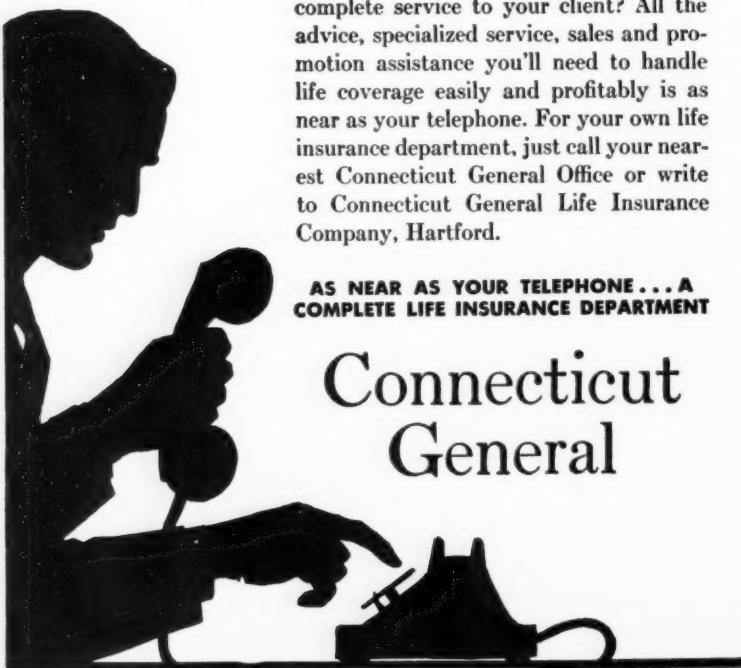
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National Bureau Rate, Classification Proposals Disapproved in Okla.

OKLAHOMA CITY—Oklahoma Insurance Board has refused to grant an overall increase of 19% on automobile bodily injury liability rates as requested by National Bureau of Casualty Underwriters. The board did grant a reduction of approximately 13% in general liability rates, and made practically no change in burglary coverages.

The board also disapproved the requested increase in the classifications from 3 to 7 for private passenger coverage. The National Bureau was thus a loser on all significant points of its auto proposals. It was noted that the changes would increase private passenger premiums an average of \$5.85 per insured. The seven-classification system is not supported by statistics and might prove confusing to the public as well as to agents, the board contended. It was also claimed that such a system would encourage discrimination in violation of an Oklahoma law.

The only rate increase allowed for automobile was for commercial cars, averaging 23.9%.

Mutual Agents of Ohio Convening at Columbus

Ohio Assn. of Mutual Insurance agents is staging its annual convention at Columbus this week, with President Warren Yackee presiding at most sessions. E. F. High is convention chairman.

Speakers from outside the association include Roderick L. Geer, executive secretary of Mutual Insurance Agents Assn. of New York State; L. H. Grinstead, president of Beacon Mutual Indemnity; Donald T. Hawkins, assistant manager of Mutual Loss Research Bureau; J. F. Montgomery, president of National Association of Mutual Insurance Agents; Philip L. Baldwin, executive secretary NAMIA; H. F. Holscher, vice-president of State Automobile Mutual, and U. C. Felty, Ohio director of public safety.

The 1752 club is sponsoring a banquet and entertainment, with Marvin L. Pearce as toastmaster.

Agresta in New S. F. Post

Anthony F. Agresta has been appointed by Massachusetts Bonding as assistant manager at San Francisco supervising fidelity and surety. Mr. Agresta has had experience in the fidelity and surety field in both the agency and company ranks.

New Assessment Notices for Pioneer Mutual as Court Gives OK

New assessment notices to the 45,000 Colorado policyholders of the bankrupt Pioneer Mutual Compensation will be in the mail by June 1. Although policyholders received notices in March of 1954 and some assessments were paid, the new series will be sent out to follow up the final decree signed last week upholding the validity of the \$2.2 million assessment. The court ordered the receiver, Bernard B. Carramer of Denver, to collect the money "forthwith" and by lawsuit if necessary.

Policyholders of Pioneer Mutual had gone to court to fight the assessment, and lost. The case will not be appealed because the attorneys have been confronted with a lack of financial interest in the case on the part of their clients.

The collapse of Pioneer Mutual early in 1954 made some sensational daily newspaper headlines and was the basis for numerous suits against the officers, the company, then Commissioner Luke J. Kavanaugh and others. Some of the suits were for as much as \$1 million.

The receiver for Pioneer contended that when the company went into the red it was mandatory under Colorado laws that an assessment be levied against the policyholders and there was no discretion. The policyholders said there was no legitimate board of directors when the assessment was levied (at the order of Commissioner Kavanaugh) and that the company was broke two years before it actually went into receivership and was doing business in the state illegally.

Strahl to Join Victor

Raymond J. Strahl has been appointed to the agency staff of the Chas. U. Victor Co., Chicago, effective May 2. At present he is manager of the casualty department of H. F. Liebrock & Co. there, which firm he has been with for 10 years. Mr. Strahl began with R. A. Napier & Co., also of Chicago.

GAs Directory Printed

American Assn. of Managing General Agents has published its 1955 directory which gives the addresses of general agency members, the territories supervised and the companies represented. The association will hold its annual meeting June 19-23 at San Francisco.

Words We Work By

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The test of a great insurance company is strength—in-depth, strength of resources, strength of character and strength of judgment.

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Industrial Indemnity Case Finally Settled

Superior court at San Francisco has ruled in favor of Industrial Indemnity in the litigation arising out of the liquidation of Industrial Indemnity Exchange. The effect is to rule that Industrial Indemnity has already paid to the reciprocal all the funds to which it is entitled. The court rejected claims of more than \$5 million made by attorneys representing several of the 1,250 former exchange policyholders.

The case dates back to 1949 when Industrial Indemnity Exchange went into liquidation under a plan approved by the California department and by 98% of its policyholders. A few policyholders contested the plan but in trial court the judge held that it was in all respects fair and legal and that the conduct of exchange affairs was proper. The findings were upheld by the appellate court, but the liquidation plan was held void on technical grounds. The latest trial was to determine how much should be paid to the reciprocal and how the money should be distributed to the policyholders.

The decision, when it becomes final, will permit distribution of funds to former exchange policyholders. There is still a period during which appeal may be taken, and no funds can be released until this period has expired. Six years ago a trust fund was established by Industrial Indemnity out of which the payments were to be made to former exchange policyholders when all the legal obstacles had been put aside. Following the appellate court decision 18 months ago, this account was transferred to the exchange to hold on behalf of its policyholders. The latest statement shows assets of the reciprocal of \$1,538,000 against which there are reserves for unpaid compensation claims of \$619,000. The entire

sum can be distributed to former policyholders of the exchange as of Dec. 31, 1948, when it went into liquidation.

Rothermel, Ames Have New Titles With Agency

S. A. Rothermel has been elected to the newly created position of chairman of Moore, Case, Lyman & Hub-



Waldo B. Ames



S. A. Rothermel

bard agency of Chicago, and Waldo B. Ames, secretary-treasurer, has been named to succeed him as president.

Mr. Rothermel, a graduate of the University of Chicago, joined Moore, Case, Lyman & Hubbard in 1919. He became an associate partner in 1933, a full partner in 1935 and was elected president when the agency was incorporated in 1952. He is chairman of Chicago Fire Insurance Patrol.

Mr. Ames, who was a star on the University of Illinois track team, joined the agency in 1936, becoming a full partner in 1948. He has been secretary-treasurer since 1952. He is president of Illinois Chamber of Commerce.

R. I. Agents Hold Midyear Convention

(CONTINUED FROM PAGE 1)
consisting of Edward H. Quillan, secretary of E. L. Watson Co., Inc., Providence, Vincent J. Toher, special agent

for Hanover Fire Insurance Co., and Vincent W. Hopkins, assistant manager of General Adjustment Bureau at Providence. James Goldsmith, partner in Goldsmith & Levin Co., Providence, was moderator.

Nearly 400 members and guests attended the dinner at which Chester M. Kellogg, vice-president of Alfred M. Best Co., was speaker.

Mr. Kellogg said that because of state regulation of the insurance industry, there is a serious legal question of federal trade commission jurisdiction. "However," he said, "the danger in fighting the FTC on jurisdictional grounds lies in the possibil-

ity that it might counter an adverse ruling by going to Congress for additional powers and thus become the entering wedge to federal regulation of regulation."

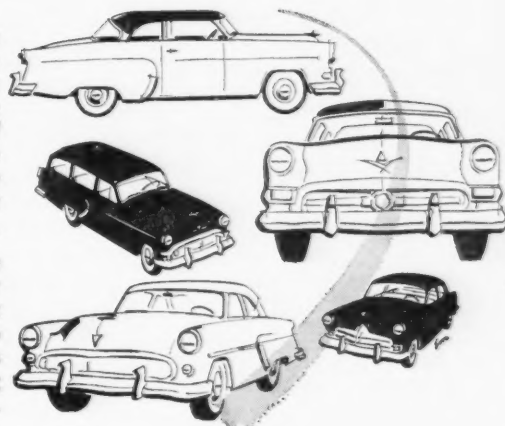
Teachers to Tour Cincinnati

Cincinnati Underwriters Assn. will entertain 20 public and parochial elementary school teachers on business-industry-education day May 5. The program includes a tour of the salvage corporation's headquarters, police headquarters and two fire department installations. At the luncheon W. V. Trautman, supervisory inspector of Underwriters Laboratories, will show the film "Danger Sleuths".

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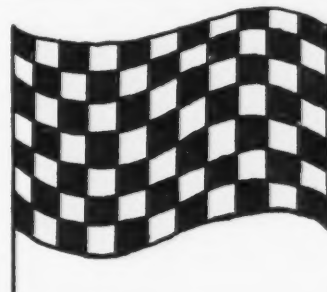
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Chicago Fire Examiners Name Jann

Chicago Assn. of Fire Insurance Examiners elected Robert F. Jann of Great American as president at its recent annual meeting. He succeeds Duke A. Clarin of Commercial Union. Edwin I. Horn of Aetna Fire moved up from secretary to vice-president and Herbert E. Mase from treasurer to secretary. J. H. Lee of the Hartford was elected treasurer.

George M. Lynch Jr., manager of education and research of Western Adjustment, the speaker, discussed forms 49-D and 49-S from the adjuster's viewpoint. "We are most pleased with this new approach of dwelling and contents coverage," he said. "We feel that the new forms represent a sound professional basis for determin-

ing the coverage which best meets the needs of each individual client." The insured, in turn, can readily recognize that agents are deserving of the title of insurance counsellors. The new forms provide the flexibility that many progressive agents have sought for years, rather than to be forced to present one answer for all coverage problems.

"However, the security of precedent has now been swept away and we stand as naked, professionally, as the newest cub. Many of our time-honored conclusions have been swept away—we are searching for rules and reasons to enable us to reach decisions that are equitable to company and insured alike."



Shown at Chicago Assn. of Fire Insurance Examiners annual meeting: Left, J. O. Bruska, America Fore, and George M. Struble, Fireman's Fund, both directors; E. I. Horn, Aetna Fire, the new vice-president; George M. Lynch, Jr., Western Adjustment, the speaker; Duke A. Clarin, Commercial Union, immediate past president; Robert F. Jann, Great American, the new president; Herbert E. Mase, Fireman's Fund, secretary, and J. H. Lee, Hartford, treasurer.

Flexible Auto Rate Bill Wins OK in Texas Senate

The Texas senate insurance committee, in a surprising move, gave an unanimous recommendation to an amended bill to permit flexibility by an insurer in automobile rating, thus eliminating requirements for uniform rates on auto coverage.

The bill was sponsored by Sen. Strauss of Hallettsville, who is also author of the bill which eliminated personal liability insurance from rate control. The automobile bill as originally introduced provided that the motor insurance commissioner fix minimum rates only and the companies could have charged any rate above the minimum without interference of rate regulation. The commissioners objected to that bill, and a substitute was offered which was satisfactory to the board. This takes away none of the existing authority of the board of commissioners, but permits flexibility in approving varying rates for different insurers.

One of the guiding hands in drafting the substitute measure was National Assn. of Independent Insurers.

N. C. Blue Bill Passed; Takes Effect Jan. 1

The Blue bill, requiring companies operating in North Carolina to give a written period of notice before cancelling an A&H or hospitalization policy, has been passed by the legislature and goes into effect Jan. 1.

The bill requires a notice of 30 days during the first year of the policy, increasing to two years at the rate of three months for each year the policy is in effect after that.

After passage by the senate, the bill was sent back to the house for it to agree upon amendments made by the senate. The amendments eliminated one major proviso which would have stipulated that after three years a company could not cancel a policy unless benefits had been paid out equal to the premiums paid in.

Clarification of Standing of Appleton & Cox Group

The presentation in *The National Underwriter* last week of leading insurance groups from the standpoint of total premiums written has brought some question as to the position of Appleton & Cox, shown as group 119. These figures took in only the business done by the three foreign companies for which Appleton & Cox are the U. S. branch. These are Maritime, Reliance and Alpina. Not included were the figures for the 13 other companies for which Appleton & Cox act as underwriters and marine managers, which figures are of necessity shown with the individual companies or groups for which this business is done. To have shown the latter business as Appleton & Cox premiums would have resulted in a duplication of premiums.

Fracas on Auto Cover of "Joe Must Go" Leader

Wisconsin newspapers have been making capital of the decision, subsequently reversed, of Lumbermens Mutual Casualty to cancel the automobile coverage of Leroy Gore of Sauk City. Mr. Gore was the leader in the "Joe Must Go" movement last year in which he attempted to recall Sen. McCarthy. Lumbermens was quoted as saying that

the adverse publicity received by Gore in connection with this event would prejudice his chances of a fair trial in the event he were involved in an automobile accident.

Commissioner Lange of Wisconsin took an interest in the situation after the newspapers had given it up-front position, and Lumbermens announced that it would not cancel the policy and would renew it if Mr. Gore so desired.

Another Texas Insurer Folds

The 20th Texas insurance company to go out of business since January of 1953 folded Monday and left 2,000 policies void and \$49,000 missing from its funds. The company is the W. C. Czigan County Mutual of Houston, which was organized in 1953 and 1954 was taken over by Herbert Hargett. The insurer was placed in receivership at Austin by Travis county district judge Roberts acting on a suit filed by the attorney general. The claim is that the company is insolvent to the extent of \$45,889. The insurer did not contest the action.

Weekly Underwriter Changes Top Officers

Donald E. Wolff, who has been executive vice-president of the Underwriter Printing & Publishing Co., which publishes the *Weekly Underwriter*, has been elected president, succeeding L. Alexander Mack, who becomes chairman. John P. Jeffrey, who has been secretary, was also named treasurer.

Mr. Wolff has been with the publication since 1945 as cashier, advertising manager, production manager and assistant to the president. Mr. Mack has been president 42 years. He has been an officer 51 years. Mr. Jeffrey joined the company 33 years ago and became secretary in 1945.

Corned Beef Party at Chicago

Chicago chapter of Society of Fire Protection Engineers will meet May 3 for a corn beef and cabbage party.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, April 26, 1955.				
	Div.	Bid	Asked	
Aetna Casualty	3.00	194	200	
Aetna Fire	2.40	72½	75½	
Aetna Life	3.00*	182	185	
Agricultural	1.60	37½	39	
American Equitable	1.70	37½	39	
American Auto	1.20	29½	30½	
American, (N. J.)	1.20	34	36	
American Motorists	.24	15	16½	
American Surety	3.00	87½	90½	
Boston	1.15*	30	31½	
Camden Fire	1.40	117	122	
Continental Casualty	2.00	73	76	
Crum & Forster com	.80	37	39	
Federal	2.20	57	59	
Fire Association	1.80	73	75	
Fireman's Fund	1.10	42½	44½	
Firemen's, (N. J.)	1.80	50½	52½	
General Reinsurance	2.00	78½	80½	
Glens Falls	.90	22	23	
Globe & Republic	1.50	45½	48½	
Great American Fire	3.00	185	170	
Hartford Fire	2.00	48	50	
Hanover Fire	2.00	48½	50½	
Home, (N. Y.)	2.50	110	114	
Ins. Co. of No. America	1.40	40½	41½	
Maryland Casualty	1.50*	41	43	
Mass. Bonding	1.50*	38	—	
National Casualty	3.00	100	103	
National Fire	2.00	48	50	
National Union	1.80	56	58	
New Amsterdam Cas.	2.00	54	—	
New Hampshire	1.40	39½	41½	
North River	1.80*	82	—	
Ohio Casualty	3.40	87½	90½	
Phoenix Conn.	1.00	26½	28½	
Prov. Wash.	1.10	61½	—	
St. Paul F. & M.	1.60	48½	51½	
Security, Conn.	2.00	63	65	
Springfield F. & M.	1.80	80	82	
Standard Accident	19.00*	2230	2300	
Travelers	2.00	78½	81½	
U. S. F. & G.	1.80	55½	—	
U. S. Fire				

*Includes Extras.

Late News Bulletins...

(CONTINUED FROM PAGE 1)

partment. The filing would have allowed a company which was a member of the bureau to accept a surplus line by filing proof with it that the named risk is qualified in the state for placement of such specified coverage. The filing was rejected because it conflicts with the insurance code provision pertaining to excess rates, the department said. The code provides that admitted insurers may use rates in excess of those filed upon written application of the insured to the commissioner.

Lexington Dropped as Mass. Excess Writer

Commissioner Humphreys of Massachusetts has notified special license brokers that Lexington of Wilmington, Del., has been withdrawn from the lists of companies approved by the insurance department for the writing of excess lines. Officers of the company are partners in the Boston agency of Boit, Dalton & Church.

Direct Mail Advertisers to Meet

Assn. of Insurance Advertisers will hold its annual meeting at Kansas City, May 27. There will be an election of officers and directors. The association was organized in June, 1948, for the purpose of promoting the adoption and observance of rules of fair advertising practices by A&H insurance direct mail advertisers.

Hear Hurricane Claimants in R. I.

Commissioner Bisson and Attorney General Powers of Rhode Island conducted a hearing Monday in Providence on complaints of 50 property owners in the Warwick section that they had not been paid for damage from Hurricanes Carol and Edna last fall.

About 25 owners attended. It was understood that most of the claims of others have been settled.

Involved in the complaints are 14 stock and five mutual insurers.

Bisson and Powers repeatedly pointed out they do not have power to direct insurers to make payments, that purpose of the hearing was to determine if the insurers had tried to reach agreement with insured. Adjusters and company men testified that they had made offers but they were rejected by insured. It was also brought out that 97% of all hurricane losses in the state have been paid, out of a total of 125,000 for \$21 million for stock companies and 32,000 for \$11 million for mutuals.

Testimony of complainants generally followed the line that their homes were gone, they have nothing left and why can't the company pay them in full since neighbors were paid in full?

Powers stated that adjusters and company men have the responsibility of safeguarding the money which belongs to policyholders and stockholders, that they can't pay losses where there is no insurance, the case here. When complainants said the hearing was of no use, Bisson repeated he was only interested in whether companies were acting in good faith and making offers. Beyond that policyholders have the appraisal clause and the courts.

After the hearing two complainants settled on the spot.

Auto Guarantee Performance Bond Written

St. Paul F. & M. has written a \$1 million penalty bond to guarantee performances under a used car warranty issued by select Nash motors dealers. The warranty guarantees the dealer's used cars to be in good condition, to give satisfactory performances and covers a 30-day or 1,000 mile limit for cars other than Nash and doubles the time or mileage guarantee for Nash cars. Repairs will be made where needed at a cost of 50% of normal costs for repairs or replacement.

Mo. Regulatory Bill Passes Senate Committee

The Missouri senate insurance committee has recommended for passage the bill to give the superintendent broad powers of regulation of companies, agents and brokers and adjusters. One phase of the bill that is interesting to insurance people is the provision to permit the superintendent to call a court hearing on his own initiative.

In its broader phases, the bill would cover such matters as discrimination, rebating, misrepresentation, interpretation of rates, and forms of policy provisions. The opinion among insurance people as to the merit of the bill is widely divergent.

The senate judiciary committee has recommended for passage a bill that increases the wrongful death limit of \$15,000 to \$25,000. The judiciary committee has approved a bill to require any person negotiating a settlement in an insurance case must be a licensed attorney.

Ill. Students Visit Chicago

Twenty insurance students of the University of Illinois are visiting Chicago this week where they are being

conducted through the operations of companies and bureaus. The event opened with a luncheon Wednesday at the Midland hotel, and then small contingents visited America Fore, Fireman's Fund, Great American, Hartford Fire, Loyalty group and National Fire. That evening there was a banquet at the Midland hotel, and the next day the itinerary included trips to Aetna Casualty, Western Adjustment, Cook County Inspection Bureau and Western Underwriters Assn. WUA is in general charge of the event.

Chicago Distaffs Elected

Mrs. Kathryn Ulie of Cook County Inspection Bureau was elected president of Insurance Distaff Executives Assn. of Chicago at the annual meeting last week. The other officers are: Vice-president, Mrs. Anne L. Whitney of Assn. of Casualty & Surety Companies; recording secretary, Miss Mae Carroll, Toplis & Harding, Wagner & Glidden; corresponding secretary, Mrs. Ann Stuk, Factory Insurance Assn.; treasurer, Miss Florence Blomgren, Bronson-Dennehy-Ulseth; historian, Mrs. Louise M. Field, Springfield F. & M. New members of the executive board are Miss Margaret Bormann, U. S. F. & G., and Mrs. Elynore H. Larson, A. M. Best Co.

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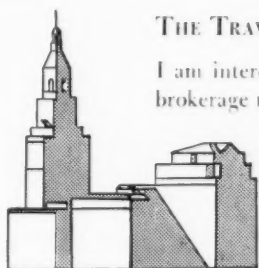
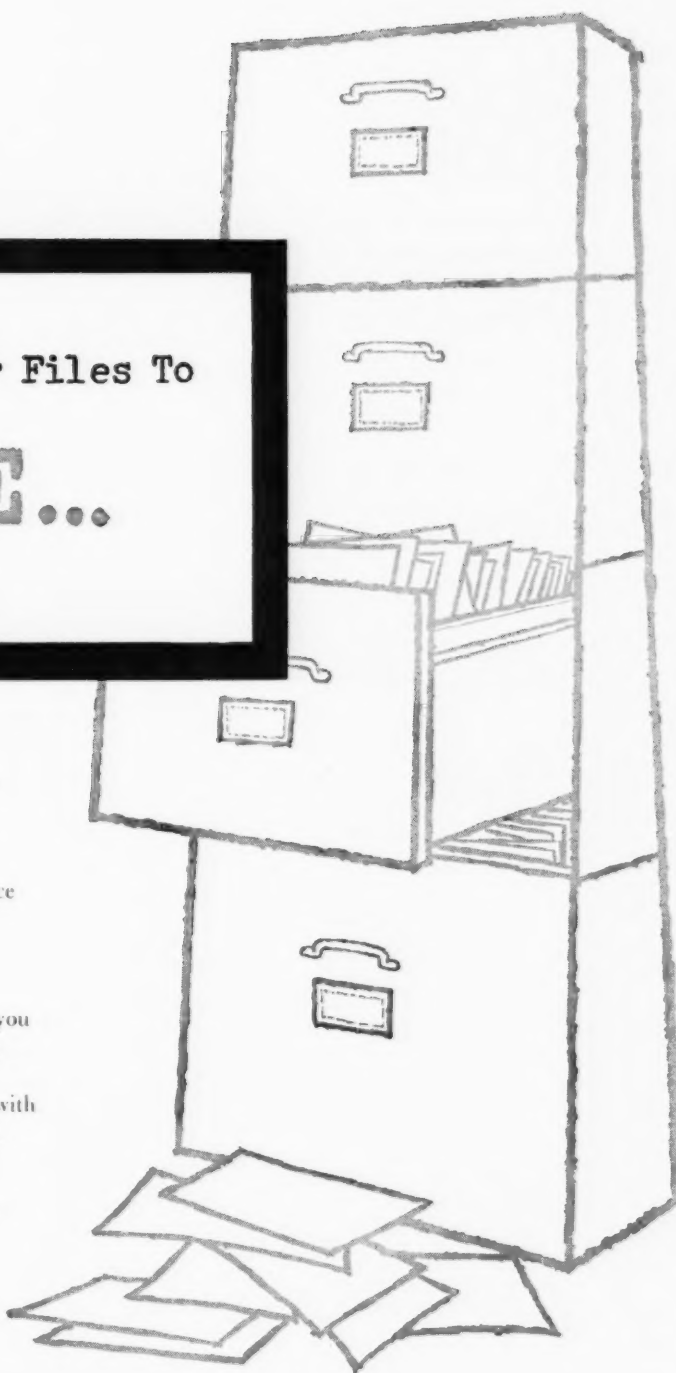
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THE TRAVELERS, *Life Agency Department*, Hartford 15, Connecticut

I am interested in writing Life Insurance with The Travelers. Please have your nearest brokerage manager get in touch with me.

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OPERATION "FLYING BELLES"

**SANTA ANA GIRLS TRAVEL
900 MILES TO HELP OPEN
STATE FARM'S NEWEST OFFICE
RIGHT IN THEIR OWN HOME TOWN**

Months before State Farm Mutual opened its newest regional office in Santa Ana, California, the Company recruited many local residents (like the young ladies in the picture) and flew them to its Western Regional Office at Berkeley for on-the-job training.

For weeks, the Santa Ana folks—together with other State Farm people who volunteered to transfer to the new office—ran an actual "Santa Ana Office" on a separate floor of the Berkeley Office.

Then, early in the morning on Wednesday, March 9, they packed the contents of their desks into boxes; loaded their families into trains, cars, and planes; and started for Santa Ana. The following Monday, everyone simply reported in, unpacked his box into his desk, and the new office was "open for business" . . . serving State Farm's 175,000 auto insurance policyholders in Southern California.

Santa Ana is State Farm's twelfth regional office to be opened in the Company's current expansion program. (Four more are scheduled for completion within the next three years.)

The story of this move helps illustrate how State Farm Mutual plans ahead to better serve its growing membership—now more than 3,400,000 policyholders. The enthusiastic co-operation and hard work of all the State Farm people involved helps explain something else. Why State Farm insures more cars than any other company in the world.

This is another in a series of advertisements to acquaint you with State Farm Mutual Automobile Insurance Company, Home Office: Bloomington, Illinois. If you want to know more about any aspect of State Farm operations, simply write: "Director of Public Relations."

